2010 Consolidated Plan

Action Plan

State of Missouri

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ACTION PLAN

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EXECUTIVE SUMMARY

FY2010 ACTION PLAN

In 1995, the Consolidated Plan became the single planning document for all funds received by the State from the U.S. Department of Housing and Urban Development (HUD). These funds represent four major programs administered by the State of Missouri by four separate agencies:

- Community Development Block Grant – Department of Economic Development
- HOME Investment Partnerships Program – Missouri Housing Development Commission
- Emergency Shelter Grant – Department of Social Services
- Housing Opportunities for Persons With AIDS – Department of Health & Senior Services

The Department of Economic Development is the designated lead agency for the Missouri Consolidated Plan and Action Plan.

The State chose a five-year planning period, and the Consolidated Plan for FY2008 – FY2012 was published in April, 2008. In addition to the Consolidated Plan, the State must also publish an annual Action Plan, first in draft format to allow for public review and comment; then a final Action Plan is published and submitted to HUD, usually on or about February 1st.

The 2010 Action Plan describes the State's intended use of the HUD funds, consistent with the strategies outlined in the Consolidated Plan. The strategies are proposed actions to address the State's housing, community development, and economic development needs, which are also outlined in the Consolidated Plan. The Plan also contains information relevant to the distribution of funds, including strategies and actions to address lead-based paint, project monitoring, citizen participation, fair housing, and troubled public housing authorities.

The State's certifications to HUD are also included in this document with the Federal 424 Form, which requests the actual funds from the federal government.

FY2010 funds from the US Department of Housing and Urban Development are allocated as follows:

Community Development Block Grant:	$24,120,069
HOME Investment Partnerships:	$16,129,626
Emergency Shelter Grant:	$1,424,770
Housing for Persons with AIDS:	$492,485
Total:	**$42,166,950**

OUTCOME PERFORMANCE MEASUREMENT SYSTEM

INTRODUCTION

Federal legislation and executive requirements hold that federal agencies such as HUD must demonstrate how respective programs fulfill statutory obligations and align with the agency's overall mission and strategic direction. HUD must be able to identify and measure the benefits of its programs and justify how they improve the quality of life in the communities they serve.

In response to this need for identifiable and measurable outcomes, HUD instituted the Outcome Performance Measurement System to measure the impact of their programs. The system has been designed to enable grantees and HUD to inform Congress and the Office of Management and Budget (OMB) about the benefits provided by the programs.

Grantees determine under which of three identified objectives, and subsequent three outcome categories, best reflects the results they are seeking to achieve with the project being funded. Once the grantee has established the program purpose and intended result, they will input data on indicators specific to the activity being funded that will measure the result. There are five common indicators relevant for most activities. In addition, HUD has identified eighteen (18) other optional indicators to be used depending on the funded activity and its intent. The indicators reported will depend on the activity funded and source of funding (CDBG, HOME, ESG or HOPWA).

OBJECTIVES

<u>Suitable Living Environment</u>

In general, this objective relates to activities that are designed to benefit communities or groups of families by addressing issues in their living environment.

<u>Decent Affordable Housing</u>

The activities that typically would be found under this objective are designed to cover the wide range of housing that is possible under HOME, CDBG, HOPWA or ESG. It focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort (that would be captured above under Suitable Living Environment).

<u>Creating Economic Opportunities</u>

This objective applies to the types of activities related to economic development, commercial revitalization or job creation.

OUTCOMES

Availability/Accessibility

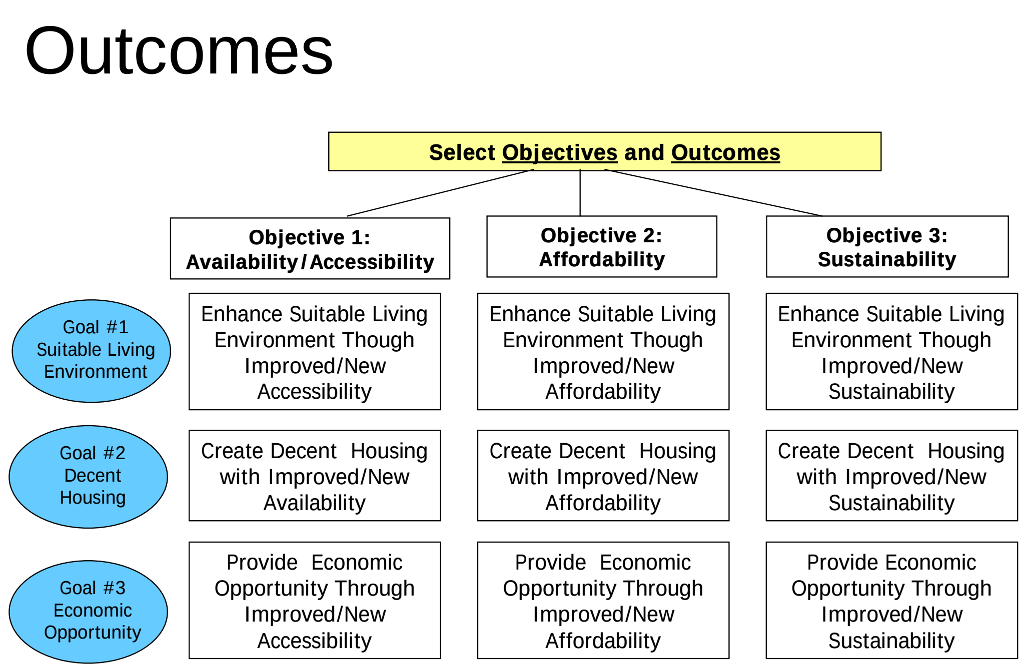
This outcome category applies to activities which make services, infrastructure, housing, or shelter available or accessible to low income people. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low and moderate income people where they live.

Affordability

This outcome category applies to activities which provide affordability in a variety of ways in the lives of low and moderate income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.

Sustainability: Promoting Livable or Viable Communities

This outcome applies to projects where the activity or activities are aimed at improving a neighborhood by helping to make it livable or viable for principally low and moderate income people through multiple activities, or by providing services that sustain communities or sections of communities.



FY2007 was the first year that this performance measures system was implemented by all agencies involved in the Consolidated Plan. The table in the Performance Measures section shows the FY08-12 goals for all programs, plus FY08 actual data, if available.

Each individual program plan states the allocation priorities and method of distribution for each program. The state does not target specific geographical locations for project funding. As the state administers these programs for the nonentitlement areas of Missouri, project need is the primary basis for funding rather than geographical distribution.

COMMON INDICATORS:

- Amount of money leveraged from other Federal, state, local and private sources, per activity
- Number of persons, households, businesses, units or beds assisted, as appropriate
- Income levels of persons or households by: 30 percent, 50 percent, 60 percent or 80 percent of area median income.
- Race, ethnicity, and disability data for activities that currently report these data elements.

SPECIFIC INDICATORS:

- Number of persons assisted by public facility or infrastructure activities that provide new or improved access
- Number of persons assisted with new or improved access to service
- A range of outcomes in a targeted area , including jobs created or retained, businesses assisted, low- and moderate- income persons and households served, slum/blight demolition, number of acres of brownfields remediated, etc.
- Number of commercial or façade treatments undertaken and number of business buildings rehabilitated
- Number of acres of brownfields that were remediated
- Number of affordable rental units constructed
- Number of affordable rental units rehabilitated
- Number of homeownership units constructed or acquired with rehabilitation
- Number of owner-occupied units rehabilitated
- Number of homebuyers receiving direct financial assistance, housing counseling, and/or downpayment assistance/closing costs
- Number of households receiving tenant-based rental assistance (TBRA)
- Number of homeless persons given overnight shelter
- Number of beds created in an overnight shelter or other emergency housing
- Number of households that received emergency assistance to prevent homelessness
- Number and types of jobs created that have employer-sponsored health care benefits
- Number and types of jobs retained that have employer-sponsored health care benefits
- Number of businesses assisted
- Whether assisted businesses provides goods or services to meet the needs of the service area, neighborhood or community

Action Plans for FY2010

HOME
Investment Partnerships
Program

MISSOURI HOUSING DEVELOPMENT COMMISSION

HOME INVESTMENT PARTNERSHIPS PROGRAM

The budget presented below identifies MHDC's available resources for the State Fiscal Year **2011**. The programs and funding established meet the priorities of the State of Missouri**.**

HOME is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended. Program regulations are at 24 CFR Part 92. The HOME program final rule is available electronically. Additional information about the HOME program can be found by visiting HUD's HOME program web pages.

HOME BUDGET FFY 2010

The allocation for the HOME Program is estimated to be $16,130,000. MHDC also expects to have approximately $4,500,000 in HOME Program income for use in FFY 2009. The total estimated HOME Program budget for FFY 2010 is $20,630,000.

Rental Housing Production Program	**BUDGET**
• CHDO set-aside	$ 2,420,000
• CHDO Operating Expense Grants	200,000
• Rental Housing Production Program	12,010,000
Subtotal	$14,630,000
HOME Repair (HeRO) Program	5,000,000
Administration Expense	1,000,000
TOTAL	$20,630,000

MHDC FY 2011 Fund Balance Budget*	BUDGET
MHDC Rental Housing Production & Preservation Program	$ 0
MHDC Mortgage Revenue Bond Program For first-time homebuyers (*First Place* Loan Program) (Cost of Issuance)	6,200,000
Rental & Operating Assistance Program - Project Based	660,000
TOTAL	$6,860,000

* These funds will be used to meet the match requirement for the HOME Program.

Note: The state fiscal year differs from the federal fiscal year. State FY 2011 MHDC funds will be used in FFY 2010. At this point in time, we do not know what the State FY 2011 MHDC fund balance budget will be.

Other FY 2011 Program Budgets	BUDGET
Missouri Housing Trust Fund	$ 3.0 million
9% Federal LIHTC (annual)	13.5 million
9% State LIHTC (annual)	13.5 million
4% Federal LIHTC (annual)	11.0 million
4% State LIHTC (annual)	6.0 million
Affordable Housing Assistance Tax Credit	11 million

HOUSING STRATEGIES TO ADDRESS NEED

Five-Year Priorities and Strategies FFY 2008-2012

The State of Missouri has established the following priorities for the **FFY 2008-2012** Consolidated Plan.

- Affordable housing for low-income families
- Affordable housing for homeless families and families with other special needs
- Affordable homeownership for low and moderate income families
- Preservation of affordable housing for low-income persons and families
- Affordable housing for the elderly

One-Year Goals for FFY 2010 HOME Program

(included in Annual Objectives Chart)

140 Rental Households Provided with New or Improved Decent Affordable Housing

230 Housing Units Brought Up to Local Codes or Standards

EXECUTIVE SUMMARY

Objectives & Outcomes

The main objective of MHDC is to successfully leverage federal HOME funds with federal and state Low Income Housing Tax Credits, MHDC funds and other public and private funds to rehabilitate or build new rental housing that is affordable to low income families, especially single-parent households and large families in Missouri. Quality affordable housing for seniors aged 55 and above is also a priority under MHDC's multifamily housing finance programs. MHDC will continue to make HOME funds available through its annual competitive funding cycle for private and non-profit developers of affordable rental housing. For the past several program years, MHDC has also made HOME funds for rental production available as subordinate financing for developments receiving an allocation of tax-exempt bonds.

MHDC has also made the preservation of affordable rental housing a high priority in our Consolidated Plan. MHDC will continue to financially restructure and preserve federally-assisted rental housing in the state. The demand for this housing is simply too high and the supply is too short to lose any of the current stock of affordable housing.

MHDC will also continue to support and build the capacity of non-profit Community Housing Development Organizations to develop affordable housing for low-income families. MHDC will make operating expense grants to CHDOs to pay for their staff and other basic operating expenses. MHDC will continue to set aside at least 15% of its HOME funds for CHDOs for rental housing production in FFY 2010 as required by HOME Program rules. It should be mentioned that MHDC typically allocates a significant amount more than the statutory minimum of 15% of funds to CHDOs. MHDC has used more than 20% of its HOME Program funds for CHDOs over the four previous FFYs.

Also, since MHDC typically makes loans with HOME funds this should continue to provide a reliable stream of program income for new loans for affordable housing in future years. MHDC usually allocates the HOME program income and any prior year's funds available for use in the Rental Housing Production Program. In FFY 2010, we expect program income to amount to approximately $4,500,000.

In FFY 2004-2007, MHDC budgeted between $800,000 and $1 million for permanent housing for the homeless. In FFY 2005, MHDC assisted in the production of 12 units of permanent housing for the homeless and persons with special needs. In FFY 2006 MHDC assisted in the production of 8 units of housing for homeless families and 23 units for persons with special needs. These funds are usually included in the Notice of Funding Availability for the Missouri Housing Trust Fund. Beginning with FFY 2008, MHDC no longer utilized HOME funds to finance permanent supportive housing for the homeless. MHDC will exclusively use its Missouri Housing Trust Fund program to finance housing for the homeless which continues to be a high priority for this agency. However, in FFY 2008 MHDC authorized $360,000 in HOME tenant-based rental assistance to be utilized in conjunction with an assertive community treatment ("ACT") program that partners social and mental health services with housing opportunities. This program provides a supportive transition for homeless persons through case management to private sector permanent housing and jobs. MHDC authorized a HOME commitment to serve as a bridge until funds from the Missouri Department of Mental Health

could be made available as the permanent source of funding for the ACT program. The DMH funding arrived during FFY 2008 sooner than expected, which greatly minimized the amount of HOME funds needed to support the housing portion of the ACT program. MHDC provided tenant-based assistance for 12 households in the amount of $13,972 in FFY 2008.

MHDC will continue to work with rural city governments, Community Action Agencies, Regional Planning Commissions and other non-profit organizations to provide home repairs, weatherization, accessibility improvements and lead reduction activities with HOME funds to low and moderate income homeowners using the HOME Repair (HeRO) program. Since the Department of Economic Development decided not to allocate CDBG funds for rehabilitation of single-family owner-occupied housing. MHDC has increased its allocation of HOME funds for home repair from $2 million in FFY 2006 to $5 million in FFY 2008 and 2009. This program is available in the non-metropolitan areas of the state. In FFY 2009 MHDC has committed $2.5 million in HOME funds to home repair programs as part of the Missouri Downtown Revitalization and Economic Assistance for Missourians (DREAM) initiative to revitalize and strengthen downtown areas in rural communities.

The American Dream Down Payment Initiative (ADDI) has been an effective tool for helping low and moderate income families purchase a home in Missouri. Since FFY 2005, MHDC has made the ADDI Program available through USDA Rural Development in conjunction with their 502 Direct Loan Program due to the continued reduction in funding to $245,000 in FFY 2007. The ADDI program will not be offered in FFY 2010, as no funds were appropriated to the program by the federal government.

Evaluation of Past Performance

Rental Housing Production

MHDC has previously provided Rental Housing Production data for the Action Plan based upon HOME loans closed during federal program years. Beginning with the FFY 2009 Action Plan, the reported data is based upon completed HOME-financed developments as reported in HUD's IDIS reporting system.

During the period 4/1/2008 to 3/31/2009, MHDC reported in the IDIS system the completion of developments financed with HOME funds totaling $3,110,795, which produced a total of 145 HOME-assisted housing units. MHDC also committed $220,000 in HOME funds for operating expense grants for CHDOs.

The Governor's Senior Housing Task Force examined the current housing and related social service needs of seniors in 2007 and considered future projections for the senior population in reaching its recommendations. According to American Community Survey data, there were 59,203 senior households with severe cost burdens (paying more than 50% of their income for their housing costs) in 2005. These seniors must make difficult choices between paying their housing and utility costs and other basic necessities of life, such as food, medicine, health care

and transportation. This is the stark reality that too many seniors must confront every day in Missouri.

The Task Force concluded that the state needs to take immediate action to provide more accessible and affordable housing for seniors as well as the necessary integrated and coordinated social services to help seniors successfully age in place. HOME funds will continue to serve a vital role in meeting the affordable housing needs of our seniors

Home Repair (HeRO) Program

During the period 4/1/2008 to 3/31/2009 MHDC expended $3,044,158 of HOME funds from multiple funding years for home repairs, weatherization, accessibility improvements and lead abatement in owner-occupied homes.   MHDC in conjunction with its non-profit partners funded and completed 195 HOME-assisted units.

American Dream Down Payment Initiative

During the period 4/1/2008 to 3/31/2009 MHDC disbursed $133,980 in HOME funds for the ADDI program, providing 22 down payment assistance loans.

Activities to End Chronic Homelessness

During the period FFY 2004, FFY 2005 and FFY 2006 MHDC budgeted more than $1 million in HOME funds for permanent housing for the homeless. During this period, MHDC committed the following amounts:

- Benilde Hall received a $500,000 grant for permanent housing for homeless men with special needs.
- Rosati House received a $300,000 grant and a $595,000 loan to finance permanent housing for the homeless.
- SEMO Family Counseling Center, Inc. received a $100,000 grant for permanent housing for physically disabled persons.
- The Community Counseling Center received an $85,000 grant for permanent housing for persons with severe and persistent mental illness.
- RAIN of Central Missouri received a grant of $113,548 to finance permanent housing for persons with HIV/AIDS.

During FFY 2008, MHDC committed $360,000 to St. Patrick’s Center for tenant-based rental assistance in conjunction with their Assertive Community Treatment program to provide case management, services, and access to permanent housing for homeless persons.

Allocation Priorities

Rental housing production will likely continue to be the highest priority in our HOME Program for the State of Missouri. Census data indicates that there are 96,483 households, almost 15

percent of all renters in the state, paying more than 50% of their income for rent. This type of demonstrated need demands that the production of affordable rental housing be our greatest priority. MHDC also uses its own funds for rental housing production and it has budgeted approximately $3 million for this purpose in state FY 2009. These funds were used to meet the 25% match requirements in the HOME Program.

In addition to the HOME funds committed in FFY 2008 for tenant based rental assistance, MHDC has also provided rental assistance for many years in USDA Rural Development financed rental housing. In state FY 2010 MHDC budgeted approximately $660,000 of its own funds for rental assistance for very low-income persons and families in Missouri.

As mentioned previously, since the Department of Economic Development has eliminated its rehabilitation program for low and moderate income homeowners, there has been an increasing demand for this type of assistance from MHDC. In response to this increased demand, MHDC has increased its budget for the HOME Repair (HeRO) Program to $5 million in FFY 2008; this increase in funding will continue for FFY 2010. MHDC also makes grants to non-profit organizations for home repairs for low-income families and seniors through the Missouri Housing Trust Fund.

Affordable homeownership is a high priority in our state. Therefore, MHDC will continue to provide as much homeownership assistance as possible with its Fund Balances. Additionally, MHDC will continue to provide financing and down payment assistance with our First Place loan program (mortgage revenue bonds) which helps approximately 3,000 Missouri families a year.

One-Year Goals

For the FFY 2010 HOME Program MHDC has set the following one-year goals:

140	Rental Households Provided with New or Improved Decent Affordable Housing
230	Housing Units Brought Up to Local Codes or Standards

HOME INVESTMENT PARTNERSHIPS PROGRAM

General Description

The federally-funded HOME program was designed to expand the supply of decent and affordable housing for low- and very low-income persons. The intent of the HOME program is:

- to expand the supply of decent, safe, sanitary, and affordable housing, primarily rental housing;
- to strengthen the ability of state and local governments to provide housing;
- to assure that federal housing services, financing and other investments are provided to state and local governments in a coordinated, supportive fashion; and
- to expand the capacity of non-profit community-based housing development organizations.

HOME is a partnership of the federal, state and local governments and private and non-profit organizations involved in low-income housing initiatives. The Missouri Housing Development Commission (MHDC) meets the objectives of the HOME program through direct administration of the eligible activities and by creating partnerships with local Public Housing Authorities (PHAs), Community Action Agencies (CAAs), local governments, and non-profit and for-profit developers.

MHDC has designated rental housing production, the preservation of existing rental housing and affordable homeownership as priorities under HOME. As required by the HOME program, MHDC will set aside at least 15% of the HOME fund allocation for use by Community Housing Development Organizations (CHDOs). MHDC has designated 25 non-profit agencies in Missouri as CHDOs and is committed to working with the various qualified CHDOs to structure financially feasible developments. In addition, MHDC may allocate HOME funds to private developers through the Rental Housing Production & Preservation Program. MHDC also established a HOME repair program for owner-occupied housing in conjunction with non-profit organizations and rural cities in Missouri.

MHDC is the Participating Jurisdiction for the State of Missouri. The entitlement communities/counties (Participating Jurisdictions) in Missouri that receive their own HOME funds are: Columbia, Independence, Joplin, Kansas City, Springfield, St. Joseph, St. Louis, and St. Louis County.

MHDC combines HOME funds and the Low Income Housing Tax Credit (LIHTC) to finance much of the rental housing production in Missouri. HOME funds are utilized as low-interest first-position loans or soft subordinate loans and help fill financing gaps to make projects feasible. However, combining HOME funds and LIHTC in many rural communities produces rents that are not sufficient to support the operating costs of a rental housing development. Area median income in many Missouri counties is so low that fair market rents required by the HOME program limit a property's operating income and therefore its ability to cover operating expenses. Therefore, MHDC carefully structures financing in order to balance affordability, program compliance, and long-term feasibility.

Activities

Rental Housing Production and Preservation Program

MHDC will make approximately $12,010,000 in FFY 2010 HOME funds available for the HOME Rental Housing Production & Preservation Program. Rental production includes the acquisition, rehabilitation and/or new construction of affordable housing in accordance with the Department of Housing and Urban Development (HUD) regulations codified as 24 CFR Part 92. A Notice of Funding Availability (NOFA) will be published and applications will be accepted for approximately 90 days. Eligible applicants include private, non-profit or public entities. HOME funds may be awarded as a loan, a deferred grant or a combination thereof. HOME loans may be in first position, or it may be provided as a loan subordinate to tax-exempt bond financing that is the result of an allocation of bond authority issued by the Department of Economic Development to an issuer of tax-exempt bonds.

Community Housing Development Organization (CHDO) Set Aside

MHDC will set-aside approximately $2,420,000 in FFY 2010 HOME funds for rental housing production and preservation specifically for non-profit Community Housing Development Organizations (CHDOs). The NOFA will state that proposals for acquisition, rehabilitation and/or new construction of rental units will be accepted from CHDOs in accordance with the Department of Housing and Urban Development (HUD) regulations codified as 24 CFR Part 92. The CHDO must develop or sponsor the HOME-assisted development and must be a managing general partner or the sole owner. MHDC will work with interested CHDOs in preparing and structuring their applications. The notice will also identify the availability of $200,000 in FFY 2010 HOME funds to CHDOs for "operating expenses" defined in 24 CFR 92.2 as "reasonable and necessary costs for the operation of the community housing development organization."

MHDC will select applications that are consistent with the FFY 2008-2012 State of Missouri Consolidated Plan, within the limitations of available funds and the applications received, and that meet the greatest housing needs in the state. All proposals must be for rental units and priority will be given to those developments which:

1) meet a demonstrated need for affordable housing;
2) provide housing for low income and very low-income families;
3) demonstrate local support;
4) leverage HOME funds with other public or private funds;
5) provide rents below HUD’s “fair market rents” or rents affordable to persons below 50% of the area median income;
6) are economically feasible; and
7) address one of the priorities as stated in the current State of Missouri Consolidated Plan.

HOME Repair Program

MHDC established the HOME Repair Program in FFY 2002. The purpose of this program is to improve the quality of life of the citizens of Missouri by expanding opportunities to improve and make more livable owner-occupied single-family homes.

MHDC will make approximately $5 million in FFY 2010 HOME funds available to community action agencies and other not-for-profit agencies for the purpose of home repair, weatherization, accessibility improvements and lead abatement in owner-occupied homes. This funding is available to agencies that undertake the eligible activities on behalf of low and moderate-income families in eligible areas. The sub-grantee may work with or without the services of a selected rehabilitation contractor. Agencies awarded funding may also receive funds to assist in the administration of this program, not to exceed 10% of the total grant amount.

Eligible homeowners must have annual incomes that do not exceed 80% of the area median income adjusted for family size, in accordance with HOME Program regulations. Eligible homeowners may receive cash assistance in an amount not to exceed $20,000. The sub-grantee and the individual homeowner shall reach agreement regarding rehabilitation needs. The homeowner must occupy the property as their principal residence. The affordability of the property must be maintained for three years. The funds must be repaid in full if the property is sold at any time prior to three years. At the end of three years, all restrictions shall be removed, and the funds shall be considered a grant.

Eligible properties shall be owner-occupied single-family units. Property occupied by non-owners, single-wide trailers, manufactured homes not affixed to a permanent foundation, semi-detached homes, condominium units, town homes, one-half of a duplex, or properties held in contract-for-deed title shall not be eligible.

Home rehabilitation must comply with all local zoning requirements and building codes. In the absence of local codes, the BOCA code or approved equivalent will be used. Rehabilitation work will be subject to an inspection by a local inspector.

A NOFA will be published each summer and applications will be accepted for approximately 90 days. MHDC will select proposals from agencies that reflect pertinent experience and capacity to administer the program. Funding decisions will be made by the Commission in December or January of each year.

Activities to End Chronic Homelessness in Missouri

Since FFY 2004 MHDC has budgeted between $800,000 and $1 million for permanent housing for the homeless. These funds are usually included in the NOFA for the Missouri Housing Trust Fund. Beginning with FFY 2008, MHDC will no longer utilize HOME funds to finance the construction of permanent supportive housing for the homeless. MHDC will only utilize its Missouri Housing Trust Fund program to finance construction of housing for the homeless which continues to be a high priority for this agency. However, in FFY 2008 MHDC authorized $360,000 in HOME tenant-based rental assistance to be utilized in conjunction with an assertive community treatment program that partners social and mental health services with housing opportunities. This program provides a supportive transition for homeless persons through case management to private sector permanent housing and jobs.

MHDC will undertake significant additional activities for the homeless and other special needs populations through the expenditure of funds from the Missouri Housing Trust Fund (MHTF). Each year MHDC receives approximately $3-5 million in state funds to provide housing assistance for very low income families in Missouri. All persons assisted by the MHTF must have incomes at or below 50% of the median family income for the geographic area, adjusted for family size. Half of the MHTF must be used to assist persons at or below 25% of the area median family income.

Non-profit organizations or private developers that provide housing and/or related services may apply for funding from the MHTF. Applicants must demonstrate prior successful housing experience and have the financial capacity to successfully complete and operate the housing and/or service proposed. Service providers must have qualified and trained staff and a successful record of providing the proposed services.

Eligible activities include operating support for homeless shelters, domestic violence shelters and transitional housing; emergency housing assistance to prevent homelessness; home repairs for low-income homeowners; the development of new or rehabilitated affordable housing; and rental assistance for low-income families. MHDC issues a NOFA every year. Funding decisions are customarily made by the Commission in December of each year.

Additionally, MHDC has taken over the responsibility for the Balance of State Continuum of Care and is a member of the Governor’s Committee to End Homelessness. For more information about the Continuum of Care process, see the McKinney-Vento section of this plan.

HOPWA

Housing Opportunities for Persons with AIDS (HOPWA)
Missouri Department of Health and Senior Services
Section for Disease Control and Environmental Epidemiology

The Missouri Department of Health and Senior Services (MDHSS) will accept and distribute an estimated $492,485 in HOPWA formula funding in 2009. HOPWA program funding is divided between Tenant-Based Rental Assistance (TBRA) and Short-Term Rent Mortgage and Utility Assistance (STRMU), with an estimated $480,485 allocated to TBRA to serve 150 individuals/families and $12,000 allocated to STRMU to serve 10 individuals/families for the program year.

MDHSS coordinates HOPWA Funds with Ryan White Part B Emergency Assistance in the outstate regions of Missouri to create a continuum of services to prevent homelessness among HIV positive individuals and families and to engage them in efforts toward achieving a realistic level of independence. Recipients who were previously considered permanently enrolled in the program are now considered to be on a continuum from Ryan White Part B emergency assistance to HOPWA and, when viable and available, to permanent housing assistance in the community and finally, when appropriate, to economic independence through education and employment.

In order to qualify for HOPWA assistance an HIV positive individual must be enrolled in the Missouri HIV case management system, with an income at or below 125% of federal poverty, and assessed to be in need of assistance to prevent homelessness.

MDHHS is committed to targeting HOWPA funds to those most in need. Identifying at least one additional barrier to stable housing prioritizes each new HOPWA applicant. When a waiting list is implemented it prioritizes applicants below 80% of federal poverty, with a disability, additional co-morbidities, dependents in the home, and facing barriers that may limit access to community-based and other federal housing programs, such as a history of felony arrests or poor rental history. In addition, the HOPWA program makes use of a calculation formula that determines each applicant’s financial need based on a comprehensive assessment of income, rent and utility amount, medical expenses, and local fair market rent.

MDHSS performs an on-site monitoring visit of the fiduciary agent for the HOPWA program twice yearly. Standard monitoring forms are used to record compliance on major aspects of program performance, including employment standards, to record confidentiality, retention, and budget and fiscal records, along with an annual fiscal audit.

In addition to routinely reviewing the activities of the fiduciary agent, MDHSS monitors additional progress toward meeting goals by reviewing client files at local case management sites to assure that HOPWA funds are targeted to those who qualify for their use and are most in need, that funding is at adequate levels to maintain stable and safe housing, and that recipients are provided sufficient support to identify means to move towards independence.

ESG

EMERGENCY SHELTER GRANT

STATE OF MISSOURI DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services, through the Family Support Division, will accept and distribute an estimated $1,424,770 (FFY2009); which is the State of Missouri's share of the Emergency Shelter Grant (ESG) funds authorized by the Stewart B. McKinney Homeless Assistance Act, as amended.

Eligible Activities include:

a. Administration (Maximum of 2% to Grantees)
b. Renovations
c. Operations
d. Essential Services (Not to exceed 30% of the Grant)
e. Prevention (Not to exceed 30% of the Grant)

All of Missouri's county and city governments with a population of 10,000 and over, as well as those entities that have expressed an interest in the program, will be notified of the availability of ESG funds through the state program and provided an opportunity to apply for a grant. Applicants will only be accepted and considered from city and county governments. Local governments may in turn use the funds to contract with local not-for-profit qualified organizations to meet the service need of the community related to the homeless. Local governments or their nonprofit agencies will be required to provide matching funds equal to the amount of any grant they receive. The State, in conjunction with the Department of Housing and Urban Development, encourages community partnership and the continuum of care concept. Involving local government entities ensures this partnership and further ensures the accountability and efficiency in service delivery. An ESG Program Committee has been named to review new applications and advise the Program Coordinator regarding the priority of each applicant. The Program Coordinator will be responsible for recommending to the Director of the Family Support Division all of the applicants who will receive Emergency Shelter Grants and the amount of each award.

After basic eligibility has been established, consideration will be given to each application based on the following criteria to determine final grant awards:

1. **Need:** Applications will be evaluated on the projected homeless population in the community, and the number of known homeless individuals and families in the community receiving assistance from local service providers

2. **Cost Effectiveness:** Applications will be evaluated on the cost of providing services per individual served.

3. **Prior Experience** and participation in the ESG Program.

Emergency Shelter Grant Program Outcome Statements

	Outcome 1: Availability/Accessibility	Outcome 2: Affordability	Outcome 3: Sustainability
Objective #1 Suitable Living Environment	Accessibility for the purpose of creating Suitable Living Environments	Affordability for the purpose of creating Suitable Living Environments	Sustainability for the purpose of creating Suitable Living Environments
Objective #2 Decent Housing	Accessibility for the purpose of providing Decent Housing	Affordability for the purpose of providing Decent Housing	Sustainability for the purpose of providing Decent Housing
Objective #3 Economic Opportunity	Accessibility for the purpose of creating Economic Opportunities	Affordability for the purpose of creating Economic Opportunities	Sustainability for the purpose of creating Economic Opportunities

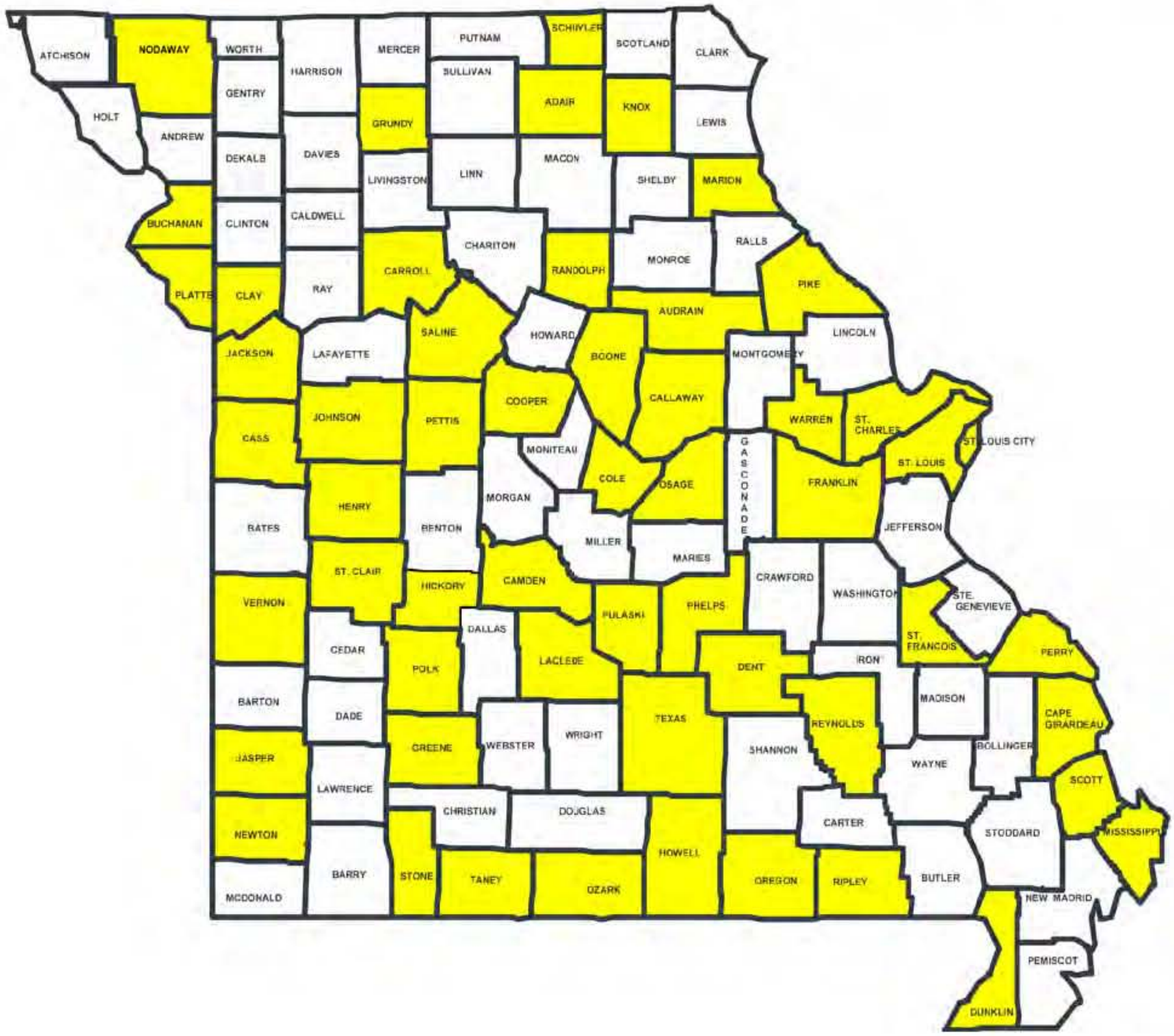
Outcome Statements

For homeless and special needs housing and support activities the objectives will usually be either Suitable Living Environment or Decent Housing and the outcomes will be Availability/Accessibility and Affordability.

ACCESSIBILITY FOR THE PURPOSE OF CREATING SUITABLE LIVING ENVIRONMENTS: Shelter rehabilitation, operations and essential services should generally be reported under the Suitable Living Environment objective because these activities are generally provided for the purpose of improving the living conditions of beneficiaries (who would otherwise be living on the street). Emergency and transitional shelter should be captured under the availability/accessibility outcome since the goal is to make shelter available to low-income persons who otherwise would not have it. In general homeless individuals and families face multiple barriers when trying to access supportive services so essential services should be captured under the availability/accessibility outcome.

AFFORDABILITY FOR THE PURPOSE OF PROVIDING DECENT HOUSING: Homeless prevention should generally be reported under the Decent Housing objective, since the goal of most prevention activities is to help individuals or families preserve their housing. Homeless prevention activities should be captured under the affordability outcome, since they typically help persons pay for or better afford their current housing

MISSOURI FFY 2009 ESGP LOCAL GOVERNMENT AWARDS



CDBG

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

FEDERAL ENABLING LEGISLATION

In 1974, the Housing and Community Development Act (Public Law 93-383), as amended in 1981, 1983, 1984, 1987, 1988, 1990, and 1992, combined eight categorical programs into a single block grant program. The Department of Housing and Urban Development (HUD) administered the program from 1975 to 1981 for local community development projects with the goal of providing adequate housing, a suitable living environment, and expanded economic opportunities for lower income citizens. Annual Federal appropriations for the program are divided 70 percent for entitlement cities and counties and non-entitlement communities within metropolitan areas (SMSA), and 30 percent for non-entitlement communities within non-entitlement areas. Grants for entitlement areas are calculated and awarded on the basis of a formula. HUD awarded non-entitlement grants prior to 1982 based on individual competitions and a national rating system.

Legislation signed by the President on August 13, 1981 authorized major changes in the program. The Housing and Community Development Amendments of 1981 provided each state the option of administering Community Development Block Grant funds for non-entitlement areas. Since fiscal year 1982, the State of Missouri has elected to administer the program.

PROPOSED DISTRIBUTION METHODS FOR FY2010 FUNDS

GENERAL REQUIREMENTS

1) Eligible Applicants: The State will distribute (estimated) $24,120,069 in FY2010 CDBG funds to "units of general local government" in non-entitlement areas (incorporated municipalities under 50,000 and counties under 200,000). Cities and counties in Missouri that are not eligible for these non-entitlement funds are: Blue Springs, Columbia, Florissant, Independence, Jefferson City, Joplin, Kansas City, O'Fallon, Springfield, St. Charles, St. Joseph, St. Peters, Lee's Summit, St. Louis (city), Jefferson County (and the cities within Jefferson County who have elected to participate in the Jefferson County entitlement program), and St. Louis County (and the cities within St. Louis County who have elected to participate in the St. Louis County entitlement program).

2) Eligible Activities: Section 105(a) of the Community Development Act and HUD regulations specified the activities that are eligible for CDBG assistance. A general listing of eligible activities is below, and a detailed description is provided in 105(a) of the Act and in 24 CFR 570.482. While all activities may be eligible, some program categories may prioritize the funding of some activities:

1. Property Acquisition
2. Property Disposition
3. Property Clearance
4. Architectural Barrier Removal
5. Senior Center
6. Community Facilities
7. Centers for the Handicapped
8. Historic Properties
9. Water Treatment
10. Sanitary Sewer Collection
11. Storm Sewers
12. Flood and Drainage Facilities
13. Streets (or Roads)
14. Street Accessories
15. Parking Facilities
16. Bridges
17. Sidewalks
18. Pedestrian Malls
19. Recycling or Conversion Facilities
20. Parks and Recreation Facilities
21. Fire Protection/Facility Equipment
22. Solid Waste Disposal Facilities
23. Other Utilities
24. Public Service/Supportive Services
25. Rehabilitation of Private Residential Properties
26. Rehabilitation of Public Residential Properties
27. Payments for Loss of Rental Income
28. Relocation
29. Code Enforcement
30. Energy Use Strategy
31. Non-Federal Share Payment
32. Interim Assistance
33. Planning
34. Commercial or Industrial Facilities
35. Administration
36. Engineering/Design
37. Housing Rehab Inspection
38. Engineering/Construction Inspection
40. Audit
41. Port Facility
42. Airports
43. Natural Gas Lines
44. Electrical Distribution Lines
45. Rail Spurs
46. Security Lighting
47. Other Professional Services
48. Security Fencing
49. Site Preparation
50. Purchase Land/Building
51. Facility Construction Renovation
52. Machinery/Equipment
53. Working Capital
54. Sewage Treatment
55. LDC Homeownership Assistance – up to $15,000 to purchase a new home
56. Legal
57. 911 Emergency Systems
60. Homeowners Assistance – up to $5,000 to purchase an existing DSS home
61. Lead-Based Paint Evaluation
62. Asbestos Removal
63. Job Training*
64. Home-Ownership Counseling
65. Substantial Reconstruction of private residential properties on same lot – up to $15,000
66. Water Distribution
67. Lead Reduction NOT incidental to rehab
68. Asbestos Inspection

*Job training activities must be: 1) approved by Job Development and Training or the Private Industry Council, and 2) be related to training for the jobs related to regional cluster developments.

3) Ineligible Activities are as follows:

   a) Maintenance or operation costs. ******

   b) General government expenses.

   c) Political activities.

   d) Improvements to city halls and courthouses, except those required to meet the Americans with Disabilities Act.

   e) Purchase of equipment, except for fire protection, public services, landfills, or recreation.

   f) Income payments, except for loss of rental income due to displacement.

   g) Application preparation costs or a bonus award for writing a successful application.

   h) Religious purposes.

   ****** <u>Maintenance and Operation Costs</u>: Any cost that recurs on a regular basis (generally, less than five years) is considered a maintenance or operation cost, therefore ineligible for CDBG assistance. It is the responsibility of the applicant to provide these revenues from user fees or taxes. Additionally, if such maintenance or operation revenues are not sufficient to adequately support a facility or service assisted by CDBG funds, the project will not be awarded. The determination whether such revenues are sufficient will be made by the applicant's professional engineer, the Department of Natural Resources (for related projects), and/or DED. The preliminary engineering report required for all public works projects should discuss the revenues available for operation and maintenance of the facility or service.

4) <u>Application Submission</u>: Only one application may be submitted in any individual category by a city or county on behalf of itself. A city may submit one other application for activities to be carried out on behalf of a sub-recipient public body or an incorporated non-profit agency. A county may submit two other applications for activities to be carried out on behalf of a sub-recipient public body or an incorporated non-profit agency. In all instances, the application <u>must represent the applicant's community development or housing needs</u>. An applicant (or sub-recipient) must have legal jurisdiction to operate in (or serve) the proposed project area (or beneficiaries). Proof must be submitted with the application. As the grantee, the city or county has final responsibility for the project implementation and compliance. There is no limit on the number of applications that may be submitted for economic development and emergency projects. The State reserves the right to place a limit on grants under its interim financing program. All applications must be submitted on forms prescribed by DED and in accordance with the guidelines issued for each program. While an applicant may be selected as a grantee, the final grant amount and scope of activities may be modified by DED.

5) <u>Application Request Limits</u>: The following are the minimum and maximum amount of funds an applicant may request per application:

Program	Minimum	Maximum
Water and Wastewater Eng. facility plan/plans & specs grants	$10,000 $5,000	$500,000 or $5,000/household **80% of amount equal to ASCE table, not to exceed $50,000**
Community Facility	$10,000	$300,000 or $5,000/household
Other Public Needs	$10,000	$400,000 or $5,000/household
Accessibility improvements (Americans with Disabilities Act)	$10,000	$250,000 or $5,000/household
Rural Affordable Housing RFP	$10,000	$250,000 or $5,000/household
Demolition	$10,000	$125,000 for housing demolition; up to $300,000 if commercial demolition is included
Downtown Revitalization	$10,000	$400,000
Microenterprise/Redevelopment RLF	$10,000	$150,000 or $15,000/job
Emergency	N/A	$500,000 or $5,000/household

NOTES RELEVANT TO PROGRAM CATEGORIES

- ❑ The maximum CDBG funds allowed per project, combining the Industrial Infrastructure grant and Action Fund loan, may not exceed $2 million. The maximum CDBG funds (not including float loans) outstanding for any company (or related companies, including parent, subsidiaries, or ownership of 51% or more in a company), regardless of location in Missouri, may not exceed $3 million. The amount outstanding is based on the principal amount remaining for loans, or, for infrastructure grants, the original grant amount with a 10-year declining basis.
- ❑ Demolition applications are eligible in the Other Public Needs category. Housing demolition only applications are limited to $125,000; if commercial demolition is included the maximum application is raised to $400,000. Commercial demolition only is also set at a maximum of $400,000. For commercial properties in the demolition application, the owner of the commercial property is responsible for 20% of the demolition costs for that property. All properties must be vacant and infeasible to rehabilitate. The State will award no more than $500,000 of FY10 funds for housing demolition (in aggregate).

❑ Engineering facility plan/plans and specs applications must meet LMI national objective and project must be listed on Missouri Department of Natural Resources Intended Use Plan or have a USDA Rural Development letter of conditions.

6) Low and Moderate Income Requirements:

a) Low and moderate income (LMI) is defined for the CDBG program as 80% of the median income of the county. The most recent available HUD Section 8 income limits specified by county are applicable to the CDBG program.

b) At least 51% of the beneficiaries of a public facility/public project activity must be low and moderate-income (LMI) persons and families, and 100% of the beneficiaries of housing activities must be LMI. At least 51% of the hookups of a project funded under the water and wastewater category must also be residential. At least 51% of the beneficiaries of economic development projects must be low and moderate-income persons.

c) Emergency projects must meet the test of Section 104(b)(3) of the Act which states *"...activities which the grantee certifies are designed to meet community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs..."*

d) Funding for certain projects may utilize the **limited clientele** criteria outlined in the regulation for meeting the required national objective criteria. Those persons defined as limited clientele are automatically considered to be primarily (51%) LMI. Further guidance can be found at 24 CFR 570.208 of September 6, 1988, and published state guidelines.

e) The estimated amount of CDBG funds which will benefit LMI persons is $22,396,468 or 86% of the non-administrative allocation for FY2010. HUD requires that a minimum of 70% of the state's annual allocation be awarded on projects benefiting primarily LMI persons. This amount is derived by the following calculations:

$24,120,069	(Total grant)
- $582,401	(State administration)
- $241,200	(State technical assistance)
- $900,000	(Estimated local administration)
$22,396,468	(Total non-administrative funds)

$700,000	(Demolition only – slums and blight)
$500,000	(Emergency – urgent need)
+ $2,000,000	(Downtown Revitalization – slum/blight)
$3,200,000	(Total non-LMI benefit)

$22,396,468	(Total non-administrative funds)
- $3,200,000	(Total non-LMI benefit)

$19,196,468 (Total LMI benefit)

$19,196,468 (Total LMI benefit)
÷ $22,396,468 (Total non-administrative funds)
86% (Percent total estimated LMI benefit)

7) Performance Requirements for Past Grantees: Any grantee with a delinquent audit for any year, whether or not the grant is closed, is ineligible to apply for funding. This applies to all CDBG categories. The exception to this is for those counties that have delinquent audits, but are audited by the State Auditor's office. Also, a grantee with any **open** project awarded prior to March 15, 2008, which is not **closed** by March 15, 2010, is ineligible to apply in **any** FY2010 funding category. All documentation necessary for close-out must be received by March 1, 2010. This may apply to the grantee or the on behalf of applicant(s), whichever is applicable.

8) In addition, a grant applicant with a current project which has an outstanding monitoring finding made prior to February 1, 2010 and notified of by February 15, 2010 and which is unresolved at the time of application deadline, will have a five-point deduction made in the scoring of the application. Additional points may be deducted for missing application forms or other required application steps. Certain applications deficiencies may result in ineligibility. A list of all potential deficiencies, resulting in point deductions or ineligibility, will be provided as part of the application.

9) Contingent Funding: If an applicant proposes other state, federal, local, or private funds, or any other contingency item, **which are unconfirmed at the time of application**, they will be ineligible for FY2010 funds, except for otherwise specifically categories. The only other exceptions are bond elections, tax credit donations, and where referenced in the categories in the application. Applicants should notify DED of election results within a week of the election. If election fails, the application will be withdrawn from the consideration.

10) Affordable Rents: The state must provide criteria for *affordable rents* according to CFR 570.208(a)(3) as published September 6, 1988. The state will use HUD's Section 8 assisted Housing Program Fair Market Rents for this purpose.

11) First-time Homebuyer: The term first-time homebuyer means an individual or an individual and her or his spouse who have not owned a home during the prior 3-year period. A first-time homebuyer may purchase a home with CDBG downpayment assistance, except that:

   a) Any individual who is a displaced homemaker may not be excluded from consideration as a first-time homebuyer under this guideline on the basis that the individual, while a homemaker, owned a home with her or his spouse or resided in a home owned by the spouse;

   b) Any individual who is a single parent may not be excluded from consideration as a first-time homebuyer under this guideline on the basis that the individual, while married, owned a home with her or his spouse or resided in a home owned by the spouse; and

   c) An individual shall not be excluded from consideration as a first-time homebuyer under this guideline on the basis that the individual owns or owned, as a principal residence during such 3-year period, a dwelling unit whose structure is –

i. not on a permanent foundation in accordance with local or other applicable regulations, or

ii. not in compliance with state, local, or model building codes, or other applicable codes, and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure, or

iii. a mobile home, not attached to a permanent foundation, and which is not considered real estate by the state.

The household may not own another residence even if that residence is rented.

In addition, recovering victims of catastrophic loss (e.g., the death of the family's principal wage earner, a failed self-employment business situation, loss of employment due to factory shutdown or an employer's reduction in force), victims of domestic violence that are legally separated from their spouses, and households who have purchased a home on a contractual basis but would otherwise qualify are also eligible as first-time homebuyers.

12) Displacement Policy: The state will discourage applicants from proposing displacement, unless a feasible alternative exists. Alternatives will be reviewed for feasibility, and technical assistance will be provided to applicants in order to minimize displacement. If displacement must occur, assistance under one of the following will be provided, depending upon the circumstances: the Uniform Relocation Assistance and Real Property Acquisition Act of 1970, as amended; Section 104(d), Section 104(k), or 105(a)(11) of the Housing and Community Development Act, as amended.

13) Program Income: Program income is the gross income received by a grantee or its sub-recipient from any grant-supported activity.

a) Program income includes, but is not limited to:

i. Income from fees for services performed;

ii. Proceeds from the sale of commodities or items fabricated under a grant agreement;

iii. Income from the sale or rental of real or personal properties acquired with grant funds;

iv. Payments of principal and interest on loans made with grant funds, including payback on deferred loans.

b) If interest is earned on grant funds for any calendar year, the excess must be returned to the U.S. Treasury through DED.

c) Uses of program income:

i. Program income shall be used prior to draw down of additional active grant funds unless a reuse plan has been approved prohibiting same;

ii. Used in accordance with requirements of Title I of the Housing and Community Development Act;

iii. If generated by activities other than economic development loans, the expenditure shall be used for block grant eligible activities as approved by the state; and

iv. Program income generated by economic development loans shall be returned to the state.

d) Local governments shall report the receipt and expenditure of program income to the Department of Economic Development as of June 30 and as of December 31 of each year, within fifteen days after each date.

14) Professional Services: An applicant has the option to select their engineer, architect, or administrator for their CDBG project prior to the preparation of an application or after a grant is awarded. They must, however, comply with state established procedures in their procurement practices if CDBG funds are to be used to finance such services. If the services are engineering or architectural, an applicant must comply with RSMo 8.285-8.292, unless a similar policy has been enacted by the applicant. If CDBG funds will be used for such professional services, there will be a maximum cost based on prescribed standards as follows:

a) Engineering Design – standards set by ASCE Manual #45, pages 37 to 42.

b) Architectural Design – 10% of construction costs.

c) Construction Inspection – 75% of the cost of engineering design (a) or architectural design (b).

d) Administration - 3% of the non-administrative CDBG project costs plus $10,000 (water/wastewater, downtown revitalization, community facility, and other public needs projects); 3% of the non-administrative CDBG project costs plus $10,000 (economic development industrial infrastructure); 3% of the non-administrative CDBG project costs plus $4,000 (emergency); 3% plus $5,000 (microenterprise). For Rural Affordable Housing RFP projects, administration cannot exceed $3,000 in CDBG funds. There are no administration funds offered from CDBG for engineering plans and specification or planning projects. These amounts represent the maximum amounts available for CDBG projects. The state reserves the right to apply less money to a project of low complexity. It is not DED policy to include administration funding on loan projects (Action Fund, Speculative Building, Interim Financing). Administrative costs related to loan projects are generally a local responsibility.

e) Audit – as required.

f) Other Professional Services – negotiated.

g) Demolition inspection – $425/unit

Note: One firm or any principal or employee thereof cannot perform both engineering and administrative services on the same grant, regardless of source of payment. Professional services amounts will be based upon and approved for CDBG activities only.

15) The final rule of the new federal procurement regulations appeared in the April 19, 1995, Federal Register. This Public Law 103-355 replaces OMB-102, 24 CFR Part 85.36, and the common rule regarding procurement. If a state does not wish to adopt PL 103-355, which raises the maximum for small purchases bidding for goods or services from $25,000 to $100,000, it must formally adopt statewide standards or use specific rules under the CDBG program. For FY2010, the requirements of PL 103-355 apply to the CDBG program, except the threshold requirements for small purchases shall remain at $25,000.

16) Timely expenditure of funds. HUD measures the:

- Obligation rate of funds (95% @ 12 months and 100% @ 15 months) and,

- Expenditure rate of funds (a percentage of the amount of funds available in the line of credit as compared to the total annual award amount; not to exceed 2.0-2.5)

The State achieves the required obligation ratios. However, the State does not always achieve the targeted expenditure rate of 2.0-2.5 measured at each month-end. It is imperative that recipient communities draw and spend the funds in a responsible time period. This requires close attention to project management.

17) Department of Economic Development direction, outcomes, and desired uses of funds:

- Priority for CDBG will be those projects making an economic impact to the community: increased jobs, increased private investment, and/or increased local revenue streams;
- Flexible, eligible uses of CDBG funds to meet the demands of the difficult and changing economic climate is important. The public is encouraged to suggest program opportunities consistent with the priorities listed above, and the Department may enlist them as amendments to this plan.

CDBG FUNDS DISTRIBUTION

18) Distribution Among Categories: The estimated amount of CDBG funds the state will receive from the Department of Housing and Urban Development for FY2010 is $24,120,069.

Category	Allocation	Percentage
Water and Wastewater	$7,796,468	32%
Community Facility	$2,000,000	8%
Other Public Needs	$4,000,000	17%
Emergency	$500,000	2%
Economic Development	$7,000,000	29%
Downtown Revitalization	$2,000,000	8%
State Administration	$582,401	2%
State Technical Assistance	$241,200	1%
TOTAL	$24,120,069	100%

a) Categorical Adjustment - The Department of Economic Development shall reserve 10% of the total CDBG allocation for use as needed among categories. An adjustment of more than 10% of the total allocation, or the creation/elimination of an eligible activity will require a substantial amendment of this plan. The amount for state administration may not exceed $100,000 plus 2% of the total allocation. The Department reserves the right to allocate up to 1% of the total annual amount for technical assistance activities in accordance with the Department Housing and Urban Development regulations.

b) Other Funds Distribution - Funds recaptured or otherwise reallocated from a previous fiscal year CDBG, state and HUD allocation may be allocated to any program category as determined by the Department. Program income recaptured by the state will be first distributed to the economic development category (as needed) and then to other categories as needed, and the program income received from interim financing projects shall be used to honor previous funding commitments. The state may use up to 2% of all program income for state administration.

c) The maximum amount of FY2010 funds that will be awarded for Interim Financing projects will be $7,000,000 for 12, 18, and 24-month loans. The Department may extend the individual term of any interim financing loan beyond the agreed upon period subsequent to the Department's written determination and justification of the need for and feasibility of such an extension. The total amounts of CDBG funds committed to interim financing projects will not exceed $12,000,000, in aggregate (including past years' allocations), regardless of any extensions of the loan term.

d) In the event the amount received from HUD is different from the amount identified in this document, the difference will be reflected as closely as feasible to the percentages above.

e) The maximum outstanding amount of loans that the state would approve under the Section 108 program would be $100 million, or $7 million per year in outstanding aggregate debt service. The 108 loan may be subordinate to other loan funding in a project.

19) **Selection Criteria by Category:** The criteria used to select the projects in the various CDBG programs are presented below. Detailed guidance is provided in application materials developed for each program.

Water and Wastewater – Construction funds

Cycle – Open cycle based on availability of funding. Maximum award $500,000 or $5,000 per family benefitting.

National Objective - Minimum 51% LMI benefit for community-wide or target area projects. LMI benefit may be documented by HUD census data or survey conducted in accordance with prescribed standards.

Eligible Activities - Water and wastewater activities only, including treatment, distribution, and collection. Normal operation and maintenance activities are not eligible. Projects must benefit 51% or more residential units.

Application Procedure - Applicants anticipating the use of state and/or federal funds to finance water or wastewater system improvements must complete a preliminary project proposal, consisting of a two-page summary and preliminary engineering report. Each project proposal will be reviewed by the Missouri Water and Wastewater Review Committee (MWWRC). The MWWRC is comprised of the Missouri Department of Economic Development (Community Development Block Grant Program), Missouri Department of Natural Resources (State Revolving Fund), and the U.S. Department of Agriculture (Rural Development). The MWWRC review process will occur as follows:

20) An original and five copies **(six total)** of the project proposal are submitted to one of the MWWRC agencies.

21) Upon receipt, the receiving agency distributes the project proposal to the remainder of the MWWRC members.

22) The committee will meet twice a month. Proposals received between the 1st and the 15th of any month will be placed on the meeting agenda for the 15th of the following month. Any proposal received between the 16th and the 31st of the month will be placed on the meeting agenda for the 30th of the following month.

23) Following its review, the MWWRC will reply to the applicant by written correspondence. This correspondence shall include a summary of the MWWRC comments pertinent to the technical, operational, or financial aspect of the project proposal. Substantive comments by the MWWRC must be resolved prior to receiving a recommendation from the MWWRC. A recommendation from the MWWRC will state the appropriate agency or multiple agencies from which to seek financial assistance. However, a recommendation from the MWWRC does not assure funding from each appropriate agency. Each agency on the MWWRC will receive a copy of all correspondence stated above.

24) Each funding agency will follow its own full application process. Applicants seeking funding from multiple agencies must submit a full application to each particular agency.

25) If a full application varies significantly from the recommended project proposal, or if the facts have changed such that the feasibility of the proposed warrants further investigation, any member of the MWWRC may request that the project be reviewed again.

26) Assistance will be recommended only to the extent necessary to complete project activities over and above local efforts, and for solutions considered appropriate and feasible by the MWWRC.

If a project proposal receives a recommendation from the MWWRC, a full CDBG application is required for submission. The following selection criteria will be used in reviewing the full application.

Selection Criteria – Applications scoring a minimum of 65 points will receive a recommendation for award.

The primary project review for water or wastewater is the MWWRC process, and consists of interagency financial and technical review by finance staff and engineers. Successful completion of the MWWRC process results in an award of 50 points to an application. CDBG staff will continue to evaluate the applications for completeness and missing documents.

27) *MWWRC Review (50 points)* – Applicants successfully completing the MWWRC process will receive 50 points, based on need for grant funding, project/engineering strategy and rate structure.

28) *Local Effort (25 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

29) *Past (CDBG) performance (5 points)*

CDBG priorities for water and wastewater are defined as:

- <u>Lack of existing needed facility</u> (Tier 1 Priority): Needed facility represents elimination of a threat and safety and at the same time is offered to a community that has the TMF capacity to own it.

- System Failure (Tier 1 Priority): Not related to poor operation and maintenance; failure proven to the degree of documentation – DNR support.
- Obsolescence of an existing facility – not defined as "design life" (Tier 2 Priority): Asbestos pipe, lead, radionuclides
- Regulatory requirements which mandate improvements (Tier 2 Priority): Differentiate between abatement orders versus abatement due to poor operation and maintenance.
- Natural or manmade disaster (Tier 2 Priority): Defining manmade to include pollution or contamination, not poor operation and maintenance.
- Improper design of existing facility (Tier 3 Priority): Definition must include what it is causing.
- Significant and unexpected growth (Tier 3 Priority): Economic development driven, regionalization, and government driven.
- Comprehensive, strategic, or capital improvement plan (Tier 3 Priority)
- Inherent social/economic factors (Tier 3 Priority): Unemployment, age, LMI.
- Potential or anticipated growth (Tier 4 Priority)
- Improper maintenance (Tier 4 Priority)

Water and Wastewater – Engineering facility plan/plans and specs grants

Cycle - Open cycle based upon availability of funds. Maximum $50,000 or $5,000 per family benefitting or 80% of the ASCE table. **If an applicant is awarded a plans/specs CDBG grant and also a later grant for project construction, the maximum in total is $500,000. The amount of the plans/specs grant will be deducted from the maximum allowable on the project construction grant.**

National Objective - Minimum 51% LMI for community wide or target area projects. LMI benefit may be documented by HUD census data or survey conducted in accordance with prescribed standards.

Eligible activities – Allows for procurement of a professional engineer to complete the facility plan and plans and specifications necessary for progress in the State Revolving Loan Fund Intended Use Plan process to access loan funds, or must have a Letter of Conditions (LOC) from USDA-Rural Development. Applicants must be on the IUP or have the LOC from USDA and must demonstrate an inability to finance the engineering. Eligible costs include engineering costs only, no administration.

Selection Criteria –

30) *MWWRC Review (50 points)* – Applicants successfully completing the MWWRC process will receive 50 points, based on need for grant funding, project/engineering strategy and rate structure

31) *Local Effort (30 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-10 pts – TMF and in-kind

Priorities for all Water/Wastewater Projects: Projects that have achieved a responsible level of local participation by pursuing their debt capacity; projects that have initiated a responsible rate structure that provide adequately for operation and maintenance, employee overhead, debt service, reserve, and emergency funding; projects that represent a solid history of operation and maintenance; projects that can indicate the use of CDBG funds will provide rate affordability; projects that meet threats to health and safety.

Community Facility

Cycle – Application deadline – April 1, 2010. Competitive process. Maximum $300,000 or $5,000 per family benefitting.

National Objective - Minimum 51% LMI benefit for community-wide or target area projects. LMI benefit may be documented by HUD census data, survey conducted in accordance with prescribed standards, or Limited Clientele if criteria met.

Eligible Activities – Senior center, day care center, community center, youth center, telecommunications, emergency 911, health center and all eligible activities designed to provide a service or group of services from one central location for a prescribed area of residents or users. This may include the infrastructure necessary to support the facility as well.

Selection Criteria –

32) *Need (35 points)*

0-07 pts – Health and Safety

0-07 pts – Education

0-07 pts – Lack of Existing Facility

0-06 pts – Number of Potential Users

0-04 pts – Economic Impact

0-04 pts – Measurable Outcomes or Goals

33) *Impact (35 points)*

0-10 pts – Strategy

0-10 pts – Cost Effectiveness

0-10 pts – Operation and Maintenance

0-05 pts – Project Readiness

34) *Local Effort (25 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

35) *Past Efforts (5 points)*

0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Other Public Needs

Cycle – Application deadline – May 1, 2010. Competitive process. Maximum $400,000 or $5,000 per family benefitting. See exceptions below.

National Objective - Minimum 51% LMI benefit for community-wide or target area projects. LMI benefit may be documented by HUD census data or survey conducted in accordance with prescribed standards. Slum/blight removal is also possible national objective.

Eligible Activities – Eligible activities which are not addressed with an existing CDBG funding category. These activities may include, but are not limited to, other public infrastructure, demolition (see below for residential demolition), accessibility-Americans with Disabilities Act (see below)), Rural Affordable Housing Development (match for Low Income Housing Tax Credits)(see below), or any other activity deemed important for the economic growth of the community.

Priorities – Applications which focus on infrastructure or redevelopment activities.

Contingent funding – Projects may be awarded on a contingent basis to allow application periods for other matching funds.

Selection Criteria –

36) *Need (35 points)*

0-07 pts – Health and Safety

0-07 pts – Number of Persons Impacted

0-07 pts – Documentation of Problem

0-07 pts – Economic Impact

0-07 pts – Measurable Outcomes or Goals

37) *Impact (35 points)*

0-10 pts – Strategy

0-10 pts – Cost Effectiveness

0-10 pts – Operation and Maintenance

0-05 pts – Project Readiness

38) *Local Effort (25 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

39) *Past Efforts (5 points)*

0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

Other Public Needs – Demolition (Residential/Commercial)

Cycle – Application deadline – May 1, 2010. Competitive process. Maximum $125,000 for residential demolition; $300,000 if commercial demolition is included. The maximum for commercial demolition (without residential) is also $300,000.

National Objective – Generally is based on spot slum/blight removal.

A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to health, safety, and public welfare.

Communities participating in this activity must, at a minimum, determine blighted structures by declaring the use of an existing dangerous building ordinance, building code level of violation or applicable occupancy or habitability designation and applying such ordinance, code violation, or designation in a manner consistent with the definition. The ordinance, code violation or designation must be applied to the specific structure, not to the area as a whole. The predominance of blight in an area does not allow blight to be assumed for each structure inside the area.

Eligible activities – Demolition, demolition inspection, asbestos inspection, asbestos removal, administration.

Threshold Criteria - The Section 106 review (with SHPO) must be completed prior to application submission. DED will award no more than $500,000, in aggregate, for residential demolition.

Selection criteria:

1) **Need and Impact (45 points)**

0-20 pts – Number of units proposed compared to total dilapidated units, both occupied and vacant (2D/D+DX)

0-20 pts – Number of units proposed compared to the total number of vacant dilapidated units (2D/DX)

0-05 pts – Number of units proposed for demolition as a percent of total vacant units (2D/total X)

2) **Community Assets/Efforts (10 points)**

0-04 pts – Past clean up activities by community

0-02 pts – Community organizational participation in this project

0-04 pts – Applicant's future actions to control property maintenance and unsafe structures long term plan

3) **Leveraging (15 points)**

0-15pts – Document $1,000 cash or in-kind match for each unit proposed for demolition

Commercial property owners must commit 20% of the demolition costs of their structure in writing as a cash commitment

4) **Strategy (30 points)**

0-10 pts – Interest of applicant and property owners; code enforcement

0-05 pts – Demolition need vs. other strategies; overall strategy

0-10 pts – Project readiness; ready to start/capacity to complete

0-05 pts – Size/cost/hazardous waste (especially asbestos) identified; cost effectiveness

Other Public Needs - ADA

Cycle - Application deadline – May 1, 2010. Competitive process.

National Objective - LMI benefit may be documented through census data or by using the definition of "limited clientele."

Eligible Activities - Elevator and chair lift construction activities are prioritized. Major restroom renovations necessary to achieve compliance with the Act may be proposed subject to the availability of funds.

Threshold Criteria - An applicant must submit a plan for addressing all phases of accessibility that have not yet been achieved. The proposed project must be an integral part of this plan. **In addition, the Section 106 review (with SHPO) must be completed prior to application submission.**

Selection Criteria:

40) *Need (35 points)*

0-09 pts – Population of Disabled and Elderly Persons

0-09 pts – Number of Floors Requiring Public Access

0-09 pts – Number and Type of Activities Conducted in Facility

0-08 pts – Special Health and Safety Concerns

41) *Impact (35 points)*

0-10 pts – Strategy

0-10 pts – Cost Effectiveness

0-10 pts – Operation and Maintenance

0-05 pts – Project Readiness

42) *Local Effort (25 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

43) *Past Efforts (5 points)*

0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need. This may include efforts to access or develop other funding sources, use of force account labor, or other resources to achieve specific aspects of the local accessibility plan or other relevant efforts.

Other Public Needs - Affordable Housing RFP

Cycle – Application deadline – May 1, 2010. Competitive process.

National Objective – 51% public facilities; 100% direct housing. LMI may be documented by HUD census data or survey conducted in accordance with prescribed standards.

Eligible Activities – applicants may submit proposals using prescribed form for all eligible activities necessary to construct or rehabilitate single family or multi-family housing. Off-site infrastructure, construction, acquisition, professional services, etc. are all eligible activities. Housing developed for homeownership shall not exceed 30% of LMI buyers' gross income and housing developed for tenant occupancy shall not propose rents that exceed HUD fair market rents.

Contingent funding – Projects may be awarded on a contingent basis to allow application periods for required matching funds.

Selection criteria:

44) *Need (25 points)*

0-20 pts – Documentation of need

0-05 pts – Market study

45) *Impact (45 points)*

0-05 pts – Cost-burdened households

0-05 pts – Overcrowded households

0-05 pts – Households with physical defects

0-05 pts – Local community plan

0-05 pts – Reasonable costs

0-10 pts – Site control

0-10 pts – CDBG subsidy structured in fair manner

46) *Strategy (30 points)*

0-05 pts – Creates single family units with homeownership options

0-05 pts – Redevelops existing rental complexes or historic renovation

0-05 pts – Includes community facility/services

0-05 pts – Includes local partners

0-05 pts – Supported by experienced development team

0-05 pts – Past performance record

Required Match – all applicants submitting an RFP under this program are required to propose applications under the MHDC LIHTC Program.

Emergency

Cycle – Open cycle based on availability of funding.

Minimum criteria (other than items previously mentioned in this document) - The need must be a serious threat to health or safety, be immediate, have developed or greatly intensified within the past 18 months, and be unique in relation to the problem not existing in all other communities within the state. Natural disasters are allowable under this program. Also, the applicant must lack the resources to finance the project. Only the **emergency** portion of a project will receive assistance. The applicant must exhaust its resources before CDBG funds may be used.

Economic Development

Cycle – Open cycle based on availability of funding. Approval is based on compliance with eligibility criteria and availability of funds. The minimum eligibility criteria stated below will vary on different types of businesses based on the projected economic impact, such as proposed wages, spin-off benefits, and projected industry growth. The specific eligibility criteria for each type of business will be stated in the program guidelines. When multiple CDBG funding tools are used for a project, CDBG funding from all programs is limited to $25,000 per job.

Economic Development Infrastructure - Grants for the improvement of public infrastructure, which cause the creation or retention of full-time permanent employment by a private company(s) benefiting from the infrastructure. Funding is limited to 35% of the company's pledged private investment, $10,000 per job to be created, and a maximum grant of $2 million.

The Department has targeted a 20% match by the community based upon the availability of unencumbered city or county funds. This match may be achieved by, but not limited to, tax abatement, discounted utility fees, cash, or in-kind or any combination thereof. If the community is a distressed area, as defined by the Department, the match requirement may be decreased or waived.

The Department has established manufacturing industries as the priority beneficiary of economic development infrastructure funding. However, certain service industries and incubators are eligible to participate in economic development infrastructure projects. Retail firms are not eligible to participate.

The use of CDBG economic development infrastructure funding is generally limited to publicly owned infrastructure. However, privately owned infrastructure may be addressed with CDBG

funding when 1) regulated as a public utility; 2) is a unique circumstance when private funding is unavailable to address the infrastructure; and 3) the project will result in high impact to the local economy in terms of job creation and private investment.

Missouri Rural Economic Opportunities Infrastructure Grant - Grants for public infrastructure (including facilities if the facility is either publicly or nonprofit owned) for projects intending to facilitate significant transformation of the local economy and the creation or retention of full time permanent employment by a private company benefitting from the infrastructure. The development must be unique to the region and must:

- Include activities that add value to the existing economic circumstances and create jobs and investment, and
- Use existing assets of the local economy and transition those assets in such a manner that creates jobs and investment and
- Add a technological component to an asset of the local economy and
- Include either a federal partnership/participation or university partnership/participation.

CDBG funds are limited to $35,000 per job created, and up to a maximum of $1 million CDBG participation per project. CDBG funds may not be the majority share of funds in the total project costs.

The Department has targeted a 20% match by the community based upon the availability of unencumbered (city or county) funds. This match may be achieved by, but not limited to, tax abatement, discounted utility fees, cash, in-kind or any combination thereof.

The Department has established manufacturing, research, and technology industries as the priority beneficiary of these funds. However, certain service industries and incubators are eligible to participate in a Rural Opportunities Infrastructure project. Retail firms are not eligible to participate.

The use of CDBG funds is generally limited to publicly owned infrastructure. However, privately owned infrastructure may be addressed with CDBG funding when 1) regulated as a public utility, 2) is a unique circumstance when private funding is unavailable to address the infrastructure, and 3) the project will result in high impact to the local economy in terms of job creation and private investment.

LMI Job creation/documentation (for Rural Economic Opportunities Grant only):

The method for achieving the required CDBG National Objective benefit for low and moderate income may be accomplished by either: (1) Counting and recording jobs "held by" individuals with household incomes at or below 80 percent of median household income, or

(2) Counting and recording jobs "made available to" individuals with household incomes at or below 80 percent of median household income.*

*The acceptable means to accomplish documentation and process for "making jobs available to" LMI persons requires the applicant to establish a relationship with the local career center to list,

qualify, and refer LMI persons to the company(s) for application. That relationship shall take place in the form of a letter and concurrence between the parties that establishes the intent of job referral, the process of referral, and the records of those referrals. Evidence of the letter and concurrence and referral records of potential employees must be kept with the project files.

Action Fund - Loans, equity investments, or other type investments may be made to a **private company** for buildings, equipment, working capital, land, and other facilities or improvements in order to cause a project to occur which will result in the creation or retention of full-time permanent employment. Selection shall be determined by the need for assistance through a financial analysis of the company, and the documentation of the public benefit to be derived from the project. CDBG funds are limited to $1,000,000 per project, 40% of the project costs, and a maximum CDBG cost per job created or retained will be $25,000. In the event of retention, up to 100% of a project cost (up to $100,000) may be funded, and if additional funds are needed, 40% of the remaining project costs (up to a grand total of $1,000,000) may be funded. The interest rate of the loan will to be determined by DED. The term of the loan will be determined by cash flow projections that will allow for the fastest repayment of principal and interest, but not more than 10 years. Nonprofit, public or quasi-public entities are not eligible to participate in the Action Fund program.

The Department has established manufacturing industries as the priority beneficiary of the Action Fund program. However, certain service industries are eligible to participate in the Action Fund program. Retail firms are not eligible to participate.

Interim Financing (Float) - Loans by grantee to a company for buildings, equipment, working capital, land, and other facilities or improvement where appropriate, in order to cause the creation or retention of a full-time employment. Basis of selection shall be the economic impact of the project and the amount of funds necessary to cause the project to occur. Loans are limited to 30% of the project costs, $25,000 per job created or retained, or $5 million per project, whichever is less. Loans must be secured by a Letter of Credit from a financial institution acceptable to DED or other acceptable collateral. The grantee shall be made aware of the policy of state recapture of program income.

The Department will continue to offer a program that uses CDBG funds that may be already obligated to projects, but not distributed. Such a program puts such funds at an element of risk. The applicant for interim financing programs shall be made aware of the policy for local retention of program income. Activities which may be performed in this program may include, but are not limited to, interim construction financing and other incentives for the creation of jobs, primarily for low and moderate income persons. No more than $10,000,000 per funding year will be obligated, in aggregate, for all float funded projects (includes interim financing speculative building).

Speculative Industrial Building - Loans by grantee to non-profit development organization for the purpose of development of a shell building. Funds can be used for the purchase of land, the development of on-site infrastructure, the purchase of an existing building and improvements, or the construction of a new building. The maximum funding available is $1 million per project. The term of the loan is a maximum of 30 months, payable in lump sum at the end of the term or when the building is sold or has a long term lease (more than 6 months). The interest rate is 1%. Selection is on a first come basis and will be offered to those applicants who meet the following basis eligibility requirements: 1) the loan must be secured by an irrevocable bank letter of credit for 100% of the loan; 2) permanent financing must be secured and guaranteed after the term of

the loan in order to ensure payment should the building not be sold or leased by then; 3) the owner of the building must provide evidence of the ability and resources to adequately market the building; and, 4) the applicant must demonstrate a lack of suitable industrial buildings in the area. The department may withhold this program depending on the availability of industrial buildings in the state. No more than $3,000,000 per funding year will be obligated, in aggregate, in the Speculative Industrial Building Loan program. No more than $10,000,000 per funding year will be obligated, in aggregate, for all float funded projects (includes interim financing speculative building).

Section 108 - Loans by the grantee to a company for the purpose of job creation limited to the lesser of $35,000 per new job created or $7 million per project. Manufacturing, processing, assembly, corporate office, and warehousing/ distributing companies are prioritized for funding. The maximum repayment period is twenty years. The principal security for the loan is a pledge by the state of its current and future CDBG funds. Funding is on an on-going basis with no deadlines. The basis of selection is the need for the 108 loan to cause the project to occur.

Revolving loan fund/Microenterprise: Loans by a grantee (or multiple grantees) to a business with less than five existing employees (including owners) for up to $25,000 per business, or 70% of the project cost, whichever is lower. Funds may be used for machinery and equipment, working capital, land, and buildings. Loans to more than one company may be included in one grant to a city or county. At least one full-time equivalent job must be created or retained for each $15,000 in loan proceeds with 51% or more to be low and moderate-income persons.

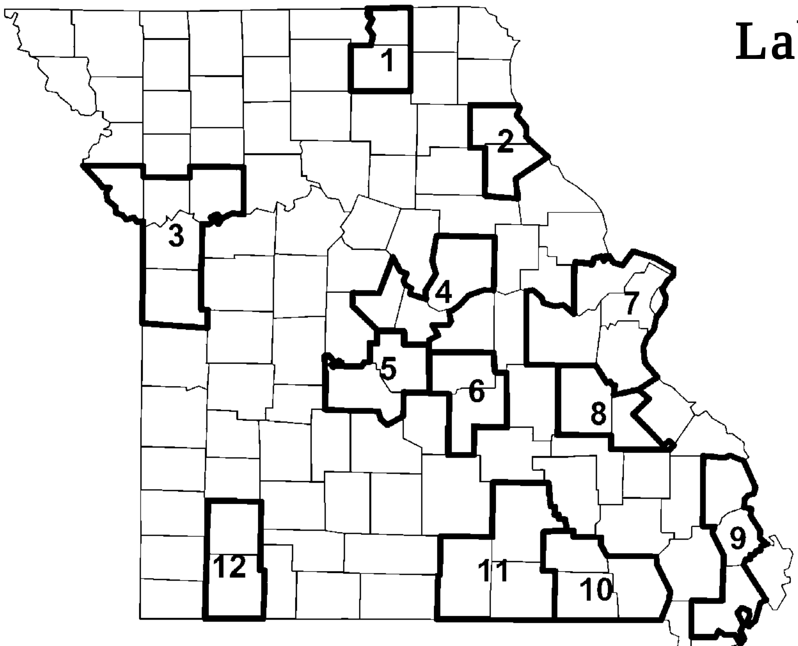
Other Revolving Loan Fund applications will be considered if the establishment of such a RLF is part of an existing or ongoing revitalization/redevelopment effort.

The maximum amount of Revolving Loan Fund projects allowed in any fiscal year will be $1,000,000.

Job Training: A grantee may request funds to subcontract with a qualified non-profit or public entity to provide job training to persons who will be or are presently employed by a company (for profit or nonprofit). The funds would be used only for instructors, materials, or related training aids and expenses thereof. The maximum grant per company would be $100,000, or $2,000 per new job created, whichever is less. At least 51% of the new jobs created must be low and moderate-income persons. The training program must be acceptable to DED. Applications related to the WIRED Initiative, through the Division of Workforce Development, will receive priority in scoring.

Labor Market Areas: No CDBG funds may be used in the relocation of a company from one area to another area, if the relocation is likely to result in a significant loss of employment in the labor market area from which the relocation occurs.

The state shall follow the terms outlined in the rule published May 24, 2006, in 24 CFR Part 570, “Prohibition on Use of CDBG Assistance for Job-Pirating Activities.”



SOURCE: Local Area Unemployment Statistics – Bureau of Labor Statistics

Labor Market Areas

1. Adair – Schuyler
2. Marion – Ralls
3. Kansas City
4. Cole – Callaway – Moniteau
5. Camden – Miller
6. Phelps – Maries
7. St. Louis
8. St. Francois – Washington
9. Cape Girardeau – Scott – New Madrid
10. Butler – Ripley – Carter
11. Howell – Oregon – Shannon
12. Lawrence – Barry

Sections of the state not included in the Labor Market Areas are analyzed by county.

Downtown Revitalization

Cycle – Open cycle based on availability of funding.

Minimum Criteria - Architectural design guidelines must be developed for the downtown district and private property improvements must be consistent with these guidelines to qualify as matching funds.

National Objective - Projects can address the national objective of elimination of slums and blight, or the 51% low to moderate (LMI) benefit. If utilizing the slums and blight objective, CDBG funds must address the slums and blight conditions in the central business district (CBD). The community must declare a blighted area consistent with the definition found in RsMO Chapter 353 and consistent with the slum and blight national objective criteria published by HUD on May 24, 2006 (24 CFR 570). The 51% LMI benefit can be met by using the community’s LMI census data or conducting a household survey. The 51% LMI benefit can also be met through new job creation if guidelines relating jobs specific to the downtown project are met. The maximum funded per job created will be $10,000.

Eligible costs - This program provides grants in aid in the improvement of public facilities within a definable downtown central business district (CBD). The maximum grant is $400,000 and requires $1 in private matching funds for every $1 in CDBG funds.

Selection Criteria –

47) *Need (35 points)*

0-07 pts – Physical Revitalization Need

0-07 pts – Value of revitalization plan (realistic, attainable, logical, etc.)

0-07 pts – Parking/Accessibility

0-07 pts – Number of businesses in Revitalization Area

0-07 pts – Number of persons employed in Revitalization Area

48) *Impact (35 points)*

0-06 pts – Design guidelines and implementation

0-06 pts – Effective Marketing Plans

0-06 pts – Downtown organization capacity/business participation

0-06 pts – Relationship of project to revitalization plan

0-06 pts – Cost effectiveness

0-05 pts – Project readiness

49) *Local Effort (25 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by the population and per capita income, and multiplied by 100.

0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

50) *Past Efforts (5 points)*

0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

For further information on rules or policies mentioned in this document,
contact the CDBG Program at (573) 751-3600.

McKinney-Vento Homeless Assistance Funds

The McKinney-Vento Homeless Assistance Funds

Missouri Housing Development Commission

The Stewart B. McKinney Homeless Assistance Act, Pub. L. No. 100-77, 101 Stat. 484, was the first comprehensive federal legislative response to homelessness. President Ronald Reagan signed it into law on July 22, 1987. This marked the federal government's recognition that homelessness is a national problem requiring a federal response.

The Act originally consisted of fifteen new programs providing a range of services to homeless individuals, including emergency shelter, transitional housing, job training, primary health care, education, and permanent housing. In addition, it amended existing programs to include, improve, or expedite access for homeless individuals. As comprehensive legislation, the McKinney Homeless Assistance Act established or affected programs within eight different federal agencies. It included nine titles detailing the specifics of the programs.

Title I provided the following definition of homelessness: (1) an individual who lacks a fixed, regular, and adequate nighttime residence; and (2) an individual who has a primary nighttime residence that is -- (A) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); (B) an institution that provides a temporary residence for individuals intended to be institutionalized; or (C) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Title IV authorized emergency shelter and transitional housing programs administered by the Department of Housing and Urban Development (HUD), including the Emergency Shelter Grant program, the Supportive Housing Demonstration Program, Supplemental Assistance for Facilities to Assist the Homeless, and Section 8 Single Room Occupancy Moderate Rehabilitation.

In 1994, HUD instituted the Continuum of Care (CoC) process as the mechanism for obtaining Supportive Housing, Shelter Plus Care, and Single Room Occupancy Mod Rehab dollars. Missouri Housing Development Commission facilitates the process for the Balance of State Continuum of Care. The Balance of State (BoS) refers to the Continuum of Care (CoC) that includes the 101 counties that are not covered under the other continua, which are the urban, larger metro areas. The BoS addresses the need for services in non-metropolitan areas where resources are often scarce. The BoS does NOT include:

- St. Louis City CoC
- St. Louis County CoC
- Joplin area CoC (Jasper and Newton counties)

- Kansas City area CoC (Jackson county)
- Springfield area CoC (Greene, Webster, and Christian counties)
- St. Joseph area CoC (Andrew, Buchanan and DeKalb counties)
- St. Charles area CoC (St. Charles, Lincoln, and Warren counties)

BoS Regions

Regional Housing meetings are held quarterly around the state in the following regions:

- Northwest Region (Atchison, Nodaway, Worth, Harrison, Mercer, Grundy, Daviess, Livingston, Carroll, Ray, Clay, Caldwell, Clinton, Holt, and Platte counties),
- North Central Region (Putnam, Schuyler, Scotland, Clark, Sullivan, Adair, Knox, Linn, Macon, Chariton and Randolph counties),
- Northeast Region (Lewis, Shelby, Marion, Monroe, Ralls and Pike counties),
- West Central Region (Lafayette, Saline, Cass, Johnson, Pettis, Bates, Henry, Benton and St. Clair counties),
- Central Region (Howard, Boone, Audrain, Callaway, Montgomery, Cooper, Moniteau, Cole, Osage, Gasconade, Morgan, Miller, Maries, Camden, Pulaski and Phelps counties),
- East Central Region (Franklin, Jefferson, Crawford, Washington, St. Francois, Ste. Genevieve, Perry, Iron, Madison, Bollinger and Cape Girardeau counties).
- Boot Heel Region (Stoddard, Scott, Mississippi, New Madrid, Pemiscot and Dunklin counties),
- Southeast Region (Reynolds, Carter, Ripley, Wayne and Butler counties),
- South Central Region (Laclede, Wright, Douglas, Texas, Dent, Shannon, Ozark, Howell and Oregon counties), and
- Southwest Region (Vernon, Cedar, Hickory, Polk, Dallas, Barton, Dade, Lawrence, McDonald, Barry, Stone and Taney counties).

The Regional Housing meetings are the forum currently utilized to gather the data necessary to complete the Balance of State Continuum of Care annual application to HUD. The meetings are held quarterly in 10 separate regions throughout the state of Missouri. It is also the forum used to educate and train service providers and nonprofit agencies about this funding source, and to encourage local agencies and other stakeholders to collaborate by working in their communities to address housing and homeless needs. This thereby extends the benefits of a statewide Continuum of Care process to the local level. Finally, the meetings allow agencies a chance to voice their needs to HUD and have the Governor's Committee to End Homelessness planning committee include the unmet regional needs in the Exhibit One application.

The Governor's Committee to End Homelessness and the Funding Process

The Governor's Committee to End Homelessness is the governing body of the Balance of State. Members of the Governor's Committee to End Homelessness form committees that review and

prioritize the applications submitted each year under the Balance of State Continuum of Care. Membership on the committee includes representatives from the governor's office, key state departments, Continuum of Care jurisdictions, and nonprofit agencies.

Each county in the Balance of State Continuum of Care receives a pro-rata share of HUD funding and contributes this to one general fund for the Balance of State. Unlike the other funding sources mentioned in the Action Plan, Continuum of Care McKinney-Vento funds are not block granted to the state, but are awarded through a competitive funding process. In 2008, the Balance of State Continuum of Care received $4,490,619, the Continuum's largest award to date. In the 2008 Balance of State Continuum, four new permanent housing proposals were funded along with an HMIS expansion project. There were 18 renewals funded: nine were permanent housing, six were transitional housing, two were for support services only, and one was an HMIS renewal. In addition, eight were Shelter Plus Care, which is funded as a set aside through Federal legislation.

Homeless Management Information System (HMIS)

HUD requires every Continuum of Care receiving federal funds to establish a Homeless Management Information System (HMIS). The HMIS for the BoS CoC is administrated by Missouri Association for Social Welfare.

Point-in-Time Counts

The participants of the BoS regional housing team meetings and the Governor's Committee to End Homelessness members assist with conducting the Point-in-Time Count required by HUD. This is a count of the unsheltered homeless individuals in the Balance of State on one given night. The count numbers are reported to HUD on the annual application to show the extent of homelessness and the need for services in each region. At the same time, Missouri Association for Social Welfare conducts a sheltered Point-in-Time Count throughout the Balance of State.

According to the 2008 Balance of State Continuum Point-in-Time Count that took place on January 30, 1,862 persons in the Balance of State were homeless. The number of persons who met the HUD definition of homeless is 1,261 sheltered and 601 unsheltered persons. There are also many people experiencing chronic homelessness, which HUD defines as an unaccompanied homeless individual with a disabling condition who has either continuously been homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years. To be considered chronically homeless, persons must have been sleeping in a place not meant for human habitation (e.g., living on the streets) and/or in emergency shelter during that time.

The Sheltered Point-in-Time Count data from 2008 also shows 9% of those experiencing homelessness in a shelter have a severe mental illness and 21% are addicted to drugs and/or alcohol. Less than one percent are people with HIV/AIDS, 20% are survivors of domestic violence, and 6% are Veterans. (The data on the number of these persons actually receiving services is unknown. See the Homeless Needs Assessment section of this plan for more data regarding homelessness in the Balance of State).

Barriers to Housing

For the person who is homeless and disabled, multiple barriers exist to accessing various mental health services, alcohol and drug treatment, health, housing, and other social services. There are often gaps in services, as many communities/agencies/organizations do not collaborate to provide a seamless web of health and human services. In rural areas, this problem increases for every person because there are often fewer resources available. This creates an even more difficult situation for those with disabilities. In order to reduce homelessness among people with mental illness, disabilities, and those struggling with substance abuse, several essential services must be provided to help them access the service system more efficiently. Those services include outreach, engagement, and intensive case management/service coordination activities.

Rental subsidies are needed for persons with disabilities in the low- and very low-income categories. Accessible low-income multifamily housing at affordable rents is needed. In many rural areas, there is a shortage of quality housing. The lack of affordable housing often leaves limited options, forcing individuals and families experiencing a housing crisis to seek expensive weekly rental stays as an alternative to decent and safe permanent housing. Project based Section 8 developments must be preserved in the state. Transportation is another serious obstacle to securing housing and/or employment and is a particularly vital need in the non-metropolitan, rural areas of the state.

The following items have been identified as barriers to housing by community support providers at Regional Housing Team Meetings within the Balance of State:

- Many areas of the state have a serious shortage of units that meet HUD Housing Quality Standards (HQS), which outlines the performance and acceptability requirements for those units of housing.
- There needs to be more set-aside units for individuals and families who are homeless.
- Many areas of the state lack affordable units for low- to moderate-income families.
- Many people with disabilities and most Department of Mental Health consumers are in the extremely low-income bracket due to their disabling conditions. Wait lists for Section 8 vouchers are lengthy. While consumers are on the wait list for Section 8, they are highly likely to be living in substandard housing.
- Many homeless shelters are not accessible for those with substance abuse disorders or mental and physical disabilities.
- Transitional housing programs find it difficult to move their clients to permanent housing when there is none available. There is a shortage of landlords available who are willing to work with and serve those who have disabilities, mental illnesses, or criminal records. There is a need for emergency shelters to assist with the transition from homelessness to supportive housing.
- Service agencies that can provide long–term ongoing services to the homeless population are limited in the rural areas of the state.

- Rehabilitation services are needed to preserve existing housing.
- Families newly experiencing high rates of foreclosure and unemployment have never navigated social service or housing systems, making it difficult to regain stable housing.
- Homeless sub-populations such as veterans and ex-offenders have unique needs that create barriers to housing for this vulnerable population.
- There needs to be more community and legislative involvement, along with public awareness, surrounding issues of homelessness and how to address the cycle of poverty.

The Governor's Committee to End Homelessness is working to create relationships and dialogue among rural communities about how to address homelessness and housing issues in their community. In addition, the committee is working to identify and analyze policies that foster or impede the participation of people that are homeless, raise awareness about homeless issues in Missouri, and to advocate for housing, homelessness, and service needs through resource collaboration.

Recommendations

Recommendations for consideration in developing a plan for increasing affordable housing options for homeless individuals include the suggestions listed below. Prior to implementation, however, appropriate research must be accomplished in order to determine feasibility.

- **Develop and implement housing rehabilitation activities to assist consumers in maintaining their home**
    - Work with area businesses to receive donated services or have grant money as a set-aside specifically designated to help with the basics (heat/air, paint, water heater, etc.)
    - Keep a record of the most common problems creating a need for assistance, then have classes to teach residents in affordable housing areas these skills
    - Create a list ranking the emergencies of greater urgency in order to know who to help (or first come first serve basis)
    - Promote preventative maintenance programs to decrease people moving out of these areas, and to lessen the number of abandoned/condemned homes in area
    - Start with a package for all new move-ins that includes basic needs for maintenance (plunger, screwdriver, hammer, light bulbs, duck tape, fire extinguisher, nails/screws, etc.)
    - Have a monthly class that teaches basic maintenance in neighborhoods with affordable housing
    - Develop a statewide preservation database
    - Develop a newsletter showing new ideas and successful preservation ideas to residents and service providers
    - Promote improving whole neighborhoods at a time as a way to give residents something to be proud of and an increased likelihood of maintaining their houses
    - Gather and maintain information about homelessness and resources within the state to educate the community and community providers

- **Increase the number of units that can be considered affordable housing**
  - Consider purchasing large groups of buildings and contracting to get them renovated (create housing and employment)
  - Promote the use of donated materials or affordable materials
  - Solicit residents to assist in building their own homes (this could increase pride and help later with maintaining the home)
  - Focus on renovation projects instead of brand new housing
  - Work with other state agencies to learn about state-owned land that might be available for use for affordable housing

- **Promote affordable housing as an asset for a healthy, economic viable community**
  - Educate the public that families who spend less on housing will spend more money in the community on food and other necessities.
  - Use money to help rebuild dilapidated neighborhoods; show that affordable housing is better than abandoned houses
  - Encourage more energy efficient affordable housing as it can save the community as well as the resident money and resources
  - Research how preventing homelessness and encouraging home building can contribute positively to the economy and assist in leading the nation out of recession
  - Educate about building green affordable housing as an environmentally-sound activity
  - Encourage the building of new infill housing in older neighborhoods because it helps with the pride that people feel in their neighborhood
  - Encourage building affordable housing in communities with job opportunities near housing
  - Encourage commitment from state leadership to use mainstream resources to end homelessness
  - Facilitate local planning collaboratives to address community housing and homeless service delivery strategies

- **Increase awareness of Americans with Disabilities Act (ADA) laws and discrimination laws through education**
  - Work toward stricter enforcement of ADA standards
  - Create trainings for architects/contractors
  - Consider requiring apartments to make available AD- accessible units on first floor as a minimum
  - Since Fair Housing states that apartments must be modified (within reason) for those with disabilities, inform residents with disabilities of their rights through a public communication campaign
  - Send Fair Housing reminders to management companies providing housing and consider having apartments/businesses/developers/management companies take ADA compliance quizzes to see how well they are following guidelines

- **Increase utilization of Continuum of Care monies for permanent, supportive housing**
  - Consider a set-aside to be spent on permanent housing
  - Encourage renovation of existing housing that could be developed into permanent housing
  - Educate people on the need/benefit of creating more permanent housing through rehabilitation
  - Strengthen the relationship between service organizations and housing

- **Increase access to mainstream services for those experiencing homelessness**
  - Increase outreach and education (i.e. send speakers to shelters and create pocket-sized waterproof resource guides of shelters providing information on resources, operating hours and their locations)
  - Consider a shuttle system from shelters to homeless resources or one that will pick up people on the streets and transport them to shelters
  - Educate state institutions about helping clients get housing upon exit of their program
  - Create more re-entry programs and enforce the execution of Home Plans
  - Get government involved to ensure services are available
  - Create more accessible transportation options

- **Coordinate with Public Housing Agencies to assure that they apply for all rental assistance vouchers designated for people with disabilities**
  - Send mailings to agencies stating all vouchers available and details about how to apply
  - Have trainings educating agencies about vouchers and how to obtain them

- **Implement State Action Plan to end homelessness in Missouri**
  - Look for opportunities to create more employment and housing
  - Work together with agencies to increase awareness and improve cooperation
  - Connect institutions to available housing resources so that they can send their clients straight to housing resources
  - Take the necessary actions to fully utilize federal, state, and other funds available to end generational homelessness, to end homelessness among veterans and to develop housing options for ex-offenders
  - Work on services that allow those who were previously homeless access to continuing services once they are placed in a home
  - Obtain more funding for Housing Authorities to enable them to create more affordable housing in their area
  - Implement statewide database that allows collaboration between all Continua in Missouri to better identify need and increase resources to meet that need
  - Ensure that various state discharge policies do not increase the number of formerly institutionalized individuals that become homeless

- **Implement State Action Plan to end chronic homelessness**
    - Create more housing for people with mental illnesses, drug and alcohol issues, and disabilities
    - Focus more on supportive housing
    - Offer more rehabilitative services in shelters, not just emergency services but supportive services as well
    - Consider halfway homes for homeless individuals to help them prepare to live alone and maintain a house, budget, etc. Take the necessary actions to fully utilize federal, state, and other funds available to address the needs of those experiencing chronic homelessness.

Lead Based Paint

REQUIRED PROCEDURE FOR EXISTING HOUSING HOMEBUYER PROGRAMS OR FOR ACQUISITION & RELOCATION ACTIVITIES WHEN USING CDBG FUNDS

24 CFR 35 Subpart A provides the compliance procedures that the state's CDBG grantees will be required to follow when implementing activities to acquire homes or relocate tenants that involves the use CDBG funds. The state program will require grantees to adhere to the following procedures.

For Homebuyer Programs or Relocation & Acquisition Activities:

51) Determine if the property is exempt from lead requirements using the same criteria as identified in "Step 3" under rehabilitation. 24 CFR 35.86 exempts post-1978 constructed houses, 0-bedroom dwellings, and housing for the elderly or persons with disabilities.

52) Sellers, lessors, or their agents must provide LMI homebuyers and lessees the EPA pamphlet, "Protect Your Family from Lead in Your Home."

53) Sellers, lessors, or their agents must meet the lead disclosure requirement. They must disclose to the buyer her/his knowledge of any known lead-base paint and/or lead-based paint hazards at the premise. The seller must provide any information that is the basis of a disclosed lead paint or lead hazard, such as a lead risk assessment report.

54) Seller must notify and allow the buyer a 10-day period to conduct a lead risk assessment before the buyer is obligated under any contract to purchase the home (see Subpart A 35.90a). The buyer may waive that right, but the waiver must be in writing. Alternatively, the buyer and seller may agree in writing to a different time period for the risk assessment. However, if the disclosure takes place after the buyer makes an offer, the seller must complete the disclosure requirements in the above numbers 2, 3, and 4 prior to accepting the buyer's offer.

55) Grantees will be required to ensure that the "Lead Warning Statement" that is specified in 35.92(a)(1) and 35.92(b)(1) are included in all sales contracts and leases that involves the use of CDBG funds.

56) Grantees will be required to have the sellers, buyers, lessors, lessees, and/or agents certify compliance with numbers 2, 3, 4, and 5 in writing.

57) In compliance with 35.92c, grantees will be required to retain copies of the sales contracts and leases with "Lead Warning Statement," the disclosure statements and information, and certifications of the receipt of the requisite documentation.

58) The grantee must conduct a visual assessment of all deteriorated paint surfaces and test paint on all deteriorated paint surfaces. The paint testing must be accomplished by a lead risk assessor or inspector licensed by the Missouri Department of Health and Senior Services.

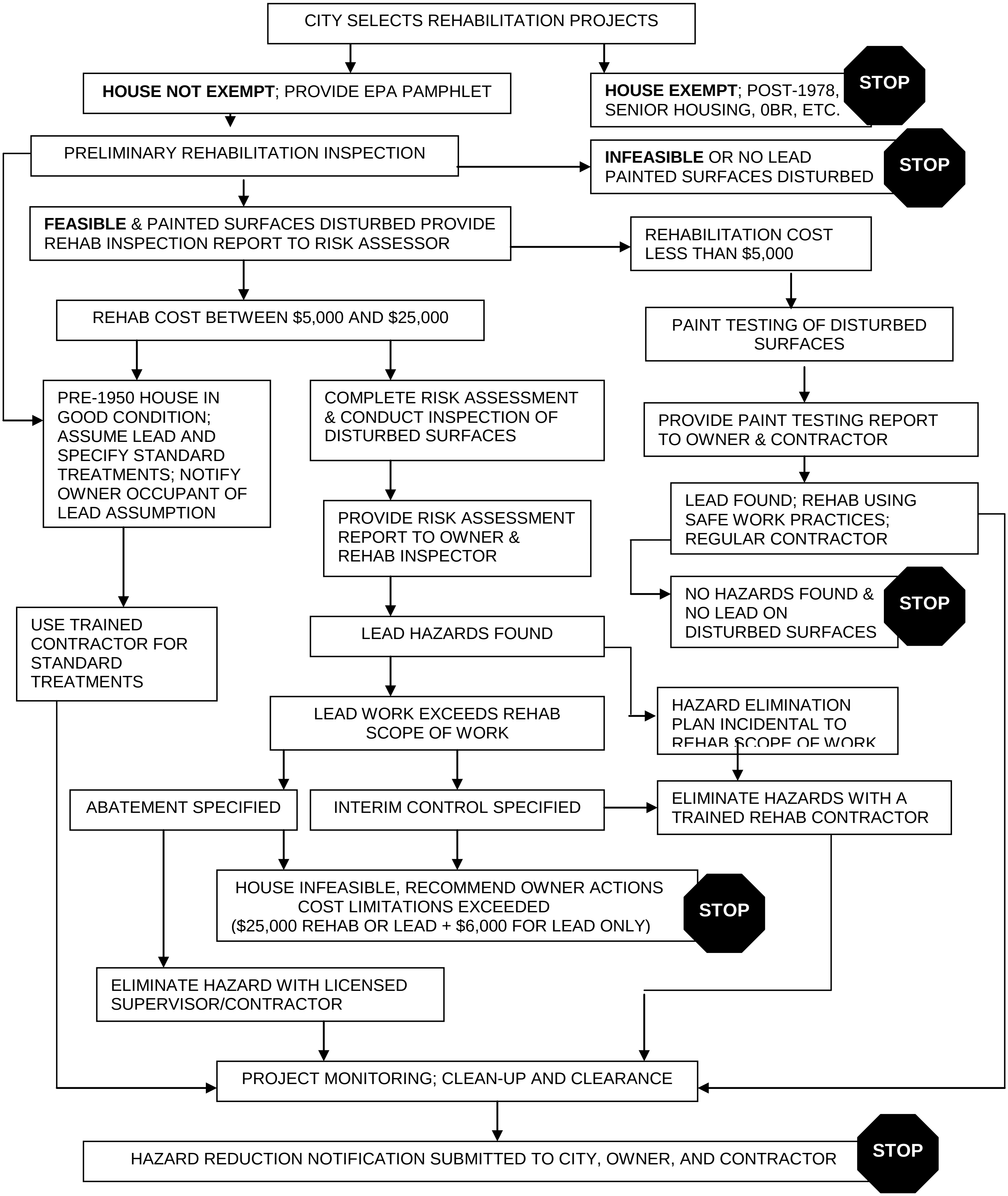
59) At a minimum, all deteriorated paint surfaces must be stabilized in accordance with procedures for rehabilitation in Steps 7 – 9 above. This includes the use of safe work practices and clearance procedures for non-de minimis surface areas. For non-de minimis surface areas, the use of a licensed lead contractors is required, unless the work activities are coincidental the rehabilitation of the unit.

60) Grantees must meet the notice of lead evaluation and reduction requirement of 35.125. They must provide the prospective buyer(s) the risk assessment report and results of the clearance test.

61) Clearance must be achieved before occupancy if a vacant unit, or immediately after CDBG assistance is provided where a unit is already occupied.

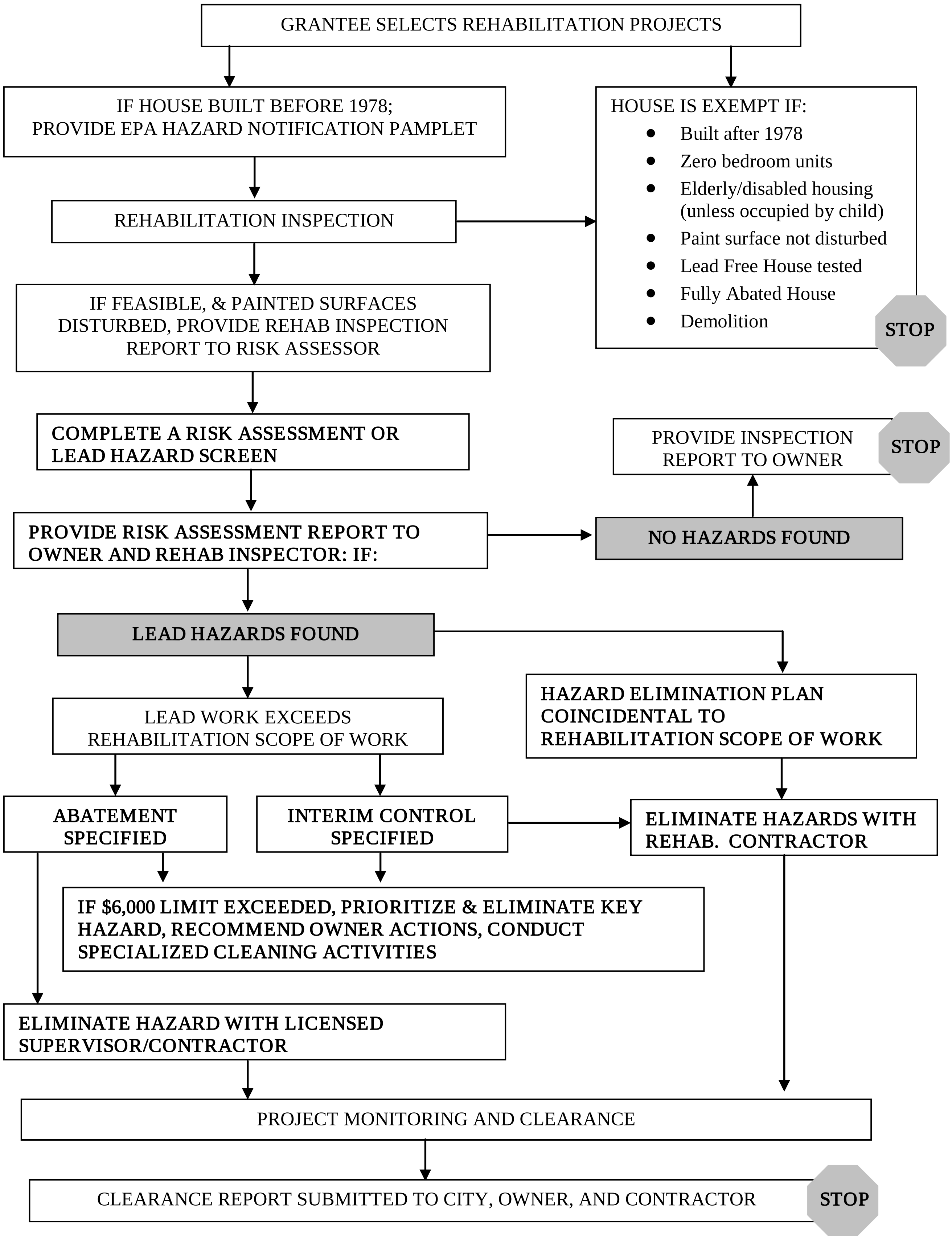
LEAD-BASED PAINT REHABILITATION PROCEDURE

(Projects funded prior to September 15, 2000.)



LEAD-BASED PAINT PROCEDURE

(Projects funded after September 15, 2000)



Lead Based Paint Assessment -- 91.305(c)

Background

The Missouri Housing Development Commission (MHDC) has historically followed the lead of the Department of Housing and Urban Development (HUD) and the Environmental Protection Agency (EPA) in matters relating to housing. In the 1970s and 1980s, MHDC used the HUD approach to the Lead Based Paint Poisoning Prevention Act and the subsequent versions of regulations as presented in the Code of Federal Regulations, No. 24, Part 35. In 1991, these standards were revised extensively for Public and Indian Housing, and in 1992 the Lead-Based Paint Hazard Reduction Act of the Housing and Community Development Act extended some controls into rental housing. The Reduction Act, or Title X, led to the publication in the summer of 1995 of the HUD Guidelines for the Reduction of Lead Based Paint Hazards and the HUD regulations published in September 1999.

Concurrently with these actions, Missouri adopted statutes 701.300 through 701.349 establishing a Lead Commission and a set of standards and qualifications for the licensing of the testing and lead construction abatement industry in Missouri. In 1995, MHDC developed and began following its own Lead-Based Paint Policy and Procedures. These standards have been adopted to comply with the 24 CFR Part 35, current HUD regulations and the EPA and State recommended work practices.

Consultation & Coordination

MHDC is coordinating and consulting with the Missouri Department of Health and Senior Services (DHSS) in an effort to become better informed about the existing statewide data on lead hazards and poisonings, including health department data on the zip codes in which there is Universal Testing of children less than six years of age and which have been identified as high risk areas for lead poisoning (see the Missouri Lead Testing Areas Map). According to the DHSS, geographic areas are identified as requiring Universal Testing if the percentage of children tested who have an elevated blood level is 12% or greater; if pre-1950 housing is 22% or greater of the total housing stock and a sufficient percentage of children were **not** tested (based on population estimates) or 90% of children tested had an unknown address for three consecutive years; or if there is any current or historically operating lead mine, mill or smelter, and a sufficient percentage of children were **not** tested (based on population estimates) or 90% of children tested had an unknown address for three consecutive years. In addition to collaborating with state and local health departments on the current level of risk to children in Missouri,

Lastly, after reviewing DHSS data on the number and percentage of children reported to have elevated blood levels of lead and census data on the percentage of pre-1979 housing in Missouri, state estimates project there are 164,516 extremely low-income households; 167,118 low-income households; and 208,290 moderate income households at risk of containing lead-based paint hazards.

Preliminary Impact

Housing constructed prior to 1978, before lead was banned from residential paint, can pose serious hazards to the very young if the painted surfaces are allowed to wear or to deteriorate. This potentially impacts MHDC in four areas: properties being funded for rehabilitation under MHDC's Rental Housing Production and Preservation Programs; the HOME Repair Program; rental properties for which MHDC administers rental assistance programs; and properties constructed before 1978 and for which MHDC currently holds a mortgage.

Proposed Response

What follow are general descriptions for the lead hazard evaluation of properties and for lead hazard reduction procedures to be followed, when warranted, if a hazard is present.

MHDC Lead-Based Paint Policy and Procedures

MHDC Rental Housing Production Programs

Guidelines for Rehabilitation Projects

1. MHDC requires a physical needs assessment for all rental housing production proposals for the rehabilitation of existing buildings. The physical needs assessment must include an assessment of the presence or suspected presence of lead-based paint, asbestos or mold for all proposals.

2. Developers must provide the age of the structure as requested in the Rental Production application FIN-100.

3. Developers must submit the following documents with the Part 1 application for firm commitment (generally due March 1 of each year):
   a. Lead Hazard Evaluation Procedures; and
   b. Lead Hazard Reduction Procedures.

   As the result of the firm submission review, MHDC staff shall indicate the required lead hazard reduction work and protective measures to be followed during construction.

4. Prior to the conversion or closing of a permanent loan with MHDC, the borrower shall provide:

   a. Tenant Notification Procedures;
   b. Lead Clearance;
   c. Contractor's Abatement License;
   d. Contractor's certification of completion of a lead-safe work practices training program for each worker that comes in contact with lead; and
   e. Ongoing Maintenance Procedures, if required.

HOME Repair (HeRO) Program
&
HOME Rental Production Program

LEAD-BASED PAINT REFERENCE GUIDE
(24 CFR PART 35)
Revised 10/09/2009

(Sub-Grantees are to refer to and comply with all of the pertinent lead paint regulations which may be amended or adopted from time-to-time. The following is only an overview.)

A. HUD's Lead-Safety Regulation

Federal Register (Wednesday, September 15, 1999)

Department of Housing and Urban Development

24 CFR Part 35, et al.

Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federal Owned Residential Property and Housing Receiving Federal Assistance; Final Rule

B. Exemptions *24 CFR 35.115*

- Post-1977 housing (1978 and newer)
- Zero-bedroom units
- Property certified as lead safe
- Property where lead-based paint was removed
- Rehabilitation or maintenance activities that do not disturb painted surfaces
- Emergency actions

C. EPA Regulations *24 CFR 745*

Renovation, Repair and Painting Program Rule effective April 22, 2010

D. Documentation Required

1. **Notice To Occupants:** Occupants must be provided with the following documentation:
   a. EPA Lead Hazard Information Pamphlet at the time of purchase or lease;
   b. "Notice of Hazard Evaluation" (or presumption) within 15 calendar days of the date when the evaluation is received or the presumption is made *(24 CFR 35.125(a))*; and
   c. "Notice of Hazard Reduction & Clearance" no more than 15 calendar days after the hazard reduction activities have been completed *(24 CFR 35.125(b)(1))*.

2. **Hazard Reduction:** The following documentation must be completed:
   a. Final scope of work addressing both lead and non-lead paint prior to firm commitment for construction funded from the multifamily HOME Rental Production Program.

b. For lead reduction activities that are performed on properties funded through the single-family HOME Repair Program, MHDC requires the contractor supervisor to be trained in Safe Work Practices.
c. For properties funded through the multifamily HOME Rental Production Program, MHDC requires the Owner to hire a contractor certified as a lead-based paint specialist. A copy of the contractor's Lead Abatement Contractor license is required prior to conversion/permanent closing.
d. For properties funded through the multifamily HOME Rental Production Program, certification by the contractor that Safe Work Practices *(24 CFR Part 35.1350)* have been observed is required prior to conversion/permanent closing.

3. **Clearance Report:** Clearance must be performed by a licensed Risk Assessor after all rehab work is done, with a copy of the clearance report and qualifications of the Risk Assessor sent to the MHDC Homeownership division at the time of payment request (HOME Repair Program) or to the MHDC Rental Production division prior to conversion/permanent closing (HOME Rental Production Program).

E. General Procedural Overview

For single-family properties receiving funds from the HOME Repair program:

1. A visual assessment walk-through by an HQS inspector trained in visual assessment (per self-administered HUD Internet course at http://www.hud.gov/offices/lead) looks for defective paint and applies the *de minimis levels* (2*4 CFR Part 35.1350(d))* to all rehabilitation work to be performed regardless of defective paint.

2. MHDC staff reviews the level of HOME rehabilitation assistance and calculates the applicable lead-based paint requirements.

For multifamily developments receiving funds from the HOME Rental Production Program:

1. A risk assessment must be performed by a licensed lead-based paint professional.

2. MHDC staff reviews the results and determines mitigating items that must be addressed prior to the completion of construction.

The rehabilitation scope of work must integrate both "lead" and "non-lead" triggered activities. (Provide the preliminary work write-up to Risk Assessor, and then incorporate the assessment's findings.)

1. **De Minimis Levels:** ***De minimis levels*** **are exceptions to safe work practices and defined as work which disturbs less than:**

   a. 20 square feet on exterior surfaces;

b. 2 square feet in any one interior room or space; or
c. 10 percent of area of an interior or exterior component with a small area (sills, baseboards, etc.).

2. **<u>Lead-Triggered Activity</u>:** A lead-triggered activity is anything that is a lead hazard, or reduces a lead hazard, including:
   a. Any defective paint surface (until tested to be non-lead)
   b. Any rehabilitation work greater than the *de minimis levels* disturbing a lead painted surface to be performed with safe work practices
   c. Any abatement activities from risk assessment

3. **<u>Course of Action</u>:**
   a. Determine the level of hazard evaluation and reduction *(24 CFR 35.915-930)*.
   b. Presume lead or evaluate *(option – 24 CFR 35.120)*; evaluation recommended.
   c. Complete risk assessment performed by licensed personnel.
   d. Include in the scope of work for "lead" activities the interim controls and/or abatement recommendations from a risk assessor and safe work practices for items determined to be lead paint.
   e. Determine impact of 'occupant relocation' requirements *(24 CFR 35.1345)*.
   f. Based on the results of risk assessment, establish contractor qualifications *(see Safe Work Practices 24 CFR 35.1325-1330),* safe work practices to be used (including occupant protections), and achieve clearance <u>in bid invitation and contract</u>.
   g. Relocate occupants and belongings, if necessary *(24 CFR Part 35.1345)*.
   h. Supervise work so that "Safe Work Practices" at 24 CFR Part 35.1350 are used: worksite is prepared/contained and occupants and their belongings are protected, prohibited methods of paint removal are not used, specialized cleaning is conducted to achieve clearance, and certification is made that Safe Work Practices have been followed.
   i. Collect lead dust wipe and soil clearance samples upon the completion of the work.
   j. Achieve clearance and obtain report approval after all rehab work is done.

F. <u>Methods and Qualifications for the Evaluation of the Presence of Lead</u>

1. **<u>Visual Assessment</u> (accepted for HOME Repair only):** A visual assessment for deteriorated paint consists of a visual search for cracking, scaling, peeling, or chipping paint. This assessment <u>does not</u> identify the presence of lead, only the potential danger. The assessment is performed by either a licensed risk assessor or Housing Quality Standards (HQS) inspector trained in visual assessment.

2. **<u>Risk Assessment</u>:** A risk assessment is a comprehensive investigation of a dwelling to identify lead-based paint hazards that includes paint testing, dust and soil sampling, and a visual evaluation. Risk assessment details are summarized in a written report with recommendations for actions and approximate cost. A licensed risk assessor must conduct the assessment.

G. Lead Hazard Reduction Methods

1. **Paint Stabilization:** Paint stabilization reduces exposure to lead-based paint by addressing deteriorated paint on exterior and interior surfaces through repairs, safe paint removal, and repainting. Paint stabilization may not be a sufficient lead hazard reduction method in all cases.

2. **Interim Controls:** *(24 CFR 35.1330)* Interim controls are short-term measures (lasting less than twenty years) to reduce human exposure to lead-based paint hazards through repairs, painting, maintenance, special cleaning, occupant protection measures, clearance, and education programs. Ongoing monitoring is necessary in all situations. Interim controls may not be a sufficient lead hazard reduction method in all cases. Additionally, soil removal and replacement are sometimes necessary.

   Interim control methods require safe work practices and include:

   a. **Paint stabilization** – All deteriorated paint on exterior and interior surfaces must be stabilized through repairs, safe paint removal, and repainting.
   b. **Treatment for friction or impact surfaces** – If lead-based paint is found and exceeds acceptable levels or is presumed to exceed it, the conditions creating friction or impact with surfaces with lead-based paint such as those that rub, bind, or crush must be corrected. Examples of this work include re-hanging binding doors, installing door stops, or reworking windows.
   c. **Treatment for chewable surfaces** – If a child under six has chewed surfaces known to contain lead-based paint or if lead-based paint is presumed, these surfaces must be enclosed or coated so they are impenetrable.
   d. **Lead-contaminated dust control** – All horizontal surfaces that are rough, pitted, or porous such as bare floors, stairs, window sills, and window troughs must be covered with a smooth, cleanable covering or coating such as metal coil stock, plastic, polyurethane, or linoleum. Carpeting must be vacuumed or rugs must be removed and vacuumed on both sides. Vacuuming must be done using HEPA vacuums.
   e. **Lead-contaminated soil control** – If soil is lead-contaminated, interim controls that may be used include impermanent surface coverings such as gravel, bark, and sod as well as land use controls such as fencing, landscaping, and warning signs.

   Interim controls (including Standard Treatments) *(24 CFR 35.1330)*: The workers should be trained in accordance with the OSHA Hazard Communication Requirements *(29 CFR 1926.59)* and either be supervised by an individual certified as a lead-based paint abatement supervisor or must have successfully completed one of the following courses:

   - LBP abatement worker or supervisor *(40 CFR 745.225)*;
   - Operations and Maintenance (NETA);

- Remodeler’s and Renovator’s Lead-Based Paint Training Program developed by HUD and the National Association of the Remodeling Industry; or
- An equivalent course approved by EPA or HUD.

3. **Abatement:** Abatement mitigates lead-based paint and lead-based paint hazards by permanently removing lead-based paint and its dust or encapsulating or enclosing the lead-based paint for a period of twenty years or more, replacing components that have lead-based paint, and removing or permanently covering lead-contaminated soil. Limited or no monitoring may be required based upon the action taken. Encapsulation and enclosure require ongoing monitoring and maintenance to check their effectiveness.

   Abatement must be conducted by certified abatement workers who have successfully completed a lead-based paint abatement worker course accredited by the EPA. These workers must be supervised by a lead-based paint abatement supervisor certified under a State program authorized by the EPA or conducted by the EPA.

H. Safe Work Practices *24 CFR 35.1350*

1. **Prohibited Methods of Paint Removal:** *(24 CFR 35.140)*
   The following methods *shall not be used* to remove paint that is, or may be, lead-based paint:

   a. Open flame burning or torching;
   b. Machine sanding or grinding without a high-efficiency particulate air (HEPA) local exhaust control;
   c. Abrasive blasting or sandblasting without HEPA local exhaust control;
   d. Heat guns operating above 1100 degrees Fahrenheit or charring the paint;
   e. Dry sanding or dry scraping, except dry scraping in conjunction with heat guns or within 1.0 ft. (0.30 m.) of electrical outlets, or when treating defective paint spots totaling no more than 2 sq. ft. (0.2 sq. m.) in any one interior room or space, or totaling no more than 10 sq. ft. (2.0 sq. m.) on exterior surfaces; or
   f. Paint stripping in a poorly ventilated space using a volatile stripper that is a hazardous substance in accordance with regulations of the Consumer Product Safety Commission at 16 CFR 1500.3, and/or a hazardous chemical in accordance with the Occupational Safety and Health Administration regulations at 29 CFR 1910.1200 or 1926.59, as applicable to the work.

2. **Occupant Protection:** *(24 CFR 35.1345)*

   Occupants shall not be permitted to enter the worksite during hazard reduction activities (unless they are employed in the conduct of these activities at the worksite), until after hazard reduction work has been completed and clearance, if required, has been achieved.

   Occupants shall be temporarily relocated before and during hazard reduction activities to a suitable, decent, safe, and similarly accessible dwelling unit that does not have lead-based paint hazards, except if:

a. Treatment will not disturb lead-based paint, dust-lead hazards or soil-lead hazards;
b. Only the exterior of the dwelling unit is treated, and windows, doors, ventilation intakes and other openings in or near the worksite are sealed during hazard control work and cleaned afterward, and entry free of dust-lead hazards, soil-lead hazards, and debris is provided;
c. Treatment of the interior will be completed within one period of eight daytime hours, the worksite is contained so as to prevent the release of leaded dust and debris into other areas, and treatment does not create other safety, health or environmental hazards (e.g., exposed live electrical wiring, release of toxic fumes, or on-site disposal of hazardous waste); or
d. Treatment of the interior will be completed within five calendar days, the worksite is contained so as to prevent the release of leaded dust and debris into other areas, treatment does not create other safety, health or environmental hazards; and, at the end of work on each day, the worksite and the area within at least 10 feet (3 meters) of the containment area is cleaned to remove any visible dust or debris, and occupants have safe access to sleeping areas, and bathroom and kitchen facilities. (HUD Interpretive Guidance J24 – The term "interior work" refers to work in a single room. See also R18 and R19.)

The dwelling unit and the worksite shall be secured against unauthorized entry, and occupants' belongings protected from contamination by dust-lead hazards and debris during hazard reduction activities. Occupants' belongings in the containment area shall be relocated to a safe and secure area outside the containment area, or covered with an impermeable covering with all seams and edges taped or otherwise sealed.

3. <u>Worksite Preparation</u>: *(24 CFR 35.1345)*

The worksite shall be prepared to prevent the release of leaded dust and contain lead-based paint chips and other debris from hazard reduction activities within the worksite until they can be safely removed. Practices that minimize the spread of leaded dust, paint chips, soil and debris shall be used during worksite preparation.

A warning sign shall be posted at each entry to a room where hazard reduction activities are conducted when occupants are present, at each main and secondary entryway to a building from which occupants have been relocated, or, for an exterior hazard reduction activity, where it is easily read 20 feet (6 meters) from the edge of the hazard reduction activity worksite. Each warning sign shall be as described in 29 CFR 1926.62(m), except that it shall be posted irrespective of employees' lead exposure and, to the extent practicable, provided in the occupants' primary language.

4. <u>Specialized Cleaning</u>:

After hazard reduction activities have been completed, the worksite shall be cleaned using cleaning methods, products, and devices that are successful in cleaning up dust-lead hazards, such as a HEPA vacuum or other methods of equivalent efficacy, and lead-specific detergents or the equivalent.

5. **<u>De Minimis Levels</u>:** Safe Work Practices are not required when maintenance or hazard reduction activities do not disturb painted surfaces that total more than:
   a. 20 square feet (2 square meters) on exterior surfaces;
   b. 2 square feet (0.2 square meters) in any one interior room or space; or
   c. 10 percent of the total surface area on an interior or exterior type of component with a small surface area. Examples include window sills, baseboards, and trim.

I. Worker Protection

1. Prior to the start of any stabilization, demolition and / or renovation work that will impact building components with lead-based paint, the contractor performing the work must have a written respiratory protection program in place *(OSHA 29 CFR 1910.134)*, documentation indicating that his or her workers have had medical surveillance, are medically cleared to wear a respirator, and have passed a qualitative fit test.

2. In accordance with OSHA 19 CFR 1926.62 (Lead in Construction Standard), an initial employee exposure assessment must be conducted (through personal lead air monitoring) during stabilization, renovation and / or demolition activities that will impact building components with lead-based paint. Respiratory protection will be required for each activity until air monitoring many prove exposures are below the Permissible Exposure Limit (PEL).

J. Lead Hazard Criteria

<u>DUST</u> (EPA and most other states)

Floors	< 40 micrograms per square foot (40 µg/ft^2)
Window Sills (stools)	< 250 µg/ft^2
Window Troughs (wells)	< 400 µg/ft^2 **(clearance only)**

<u>PAINT</u> (HUD, EPA, Kansas, Missouri, and most other states)

XRF (On-Site Test)	$\geq$ 1.0 milligrams per square centimeter (mg/cm^2)
AAS (Laboratory)	$\geq$ 0.5% by weight
CPSC (1978 law)	$\geq$ 0.06% by weight (maximum lead concentration for residential paints only)

<u>AIR</u> (OSHA)

Action Level (AL)	$\geq$ 30 micrograms per cubic meter (µg/m^3)
Permissible Exposure Limit (PEL)	$\geq$ 50 µg/m^3

<u>WASTE</u> (EPA – Under RCRA, there are four characteristic tests. The two not shown below are *Ignitability* and *Reactivity*. The two types of characteristic tests shown below are the types that fail most often.)

Toxicity (TCLP)	$\geq$ 5 parts per million (PPM) – 7 other metals also
Corrosivity (pH)	< 2.0 pH units or > 12.5 pH units

<u>WATER</u> (EPA – SDWA)

Drinking Water	< 15 parts per billion (PPB)

<u>BLOOD</u>

OSHA (Adult)	< 40 micrograms per deciliter (µg/dl) 2 @ $\geq$ 50 µg/dl - requires medical removal
CDC Children	< 10 µg/dl
Adults	< 25 µg/dl **(recommendation)**

<u>SOIL</u> (EPA and most other states)

Bare Soils	< 400 PPM – high traffic/high contact/play areas < 1200 PPM – all other areas of property

(reference: Baker Environmental Consulting, Inc.)

K. <u>Resources on Lead Based Paint Regulations</u>

- <u>HUD's Lead-Safety Regulation – 24 CFR Part 35</u>

  "Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federal Owned Residential Property and Housing Receiving Federal Assistance; Final Regulation (September 15, 1999)"

- <u>HUD Interpretive Guidance</u> September 21, 2000

- <u>HUD Guidelines for Evaluation and Control of Lead-Based Paint Hazards</u>

- <u>HUD Office of Healthy Homes & Lead Hazard Control</u>

  Website: http://www.hud.gov/offices/lead

  Regulation Hotline: (202) 755-1822 ext 104

  E-mail: lead_regulations@HUD.gov

- The National Center for Lead-Safe Housing

  Website: www.leadsafehousing.org

  Implementing HUD's Lead-Safety Regulation

  Internet Guide to the Rule, Model Documents and Specifications

- The Lead Listing (for HUD)

  Website: www.leadlisting.org

  Hotline: 1 (888) LEADLIST

  Lists companies providing lead services and training opportunities

- The Environmental Network

  Website: http://www.environmentalnetwork.com/

  Lists companies providing lead services

- EPA

  Website: www.epa.gov/opptintr/lead

- National Lead Information Center

  Hotline: 1 (800) 424-5323

Percentage of Pre-1950 Housing Based on CENSUS 2000 Data					
COUNTY	%	COUNTY	%	COUNTY	%
Adair	25.30%	Henry	27.8%	Platte	8.40%
Andrew	28.60%	Hickory	12.4%	Polk	21.50%
Atchison	51.70%	Holt	46.6%	Ralls	23.50%
Audrain	30.80%	Howard	39.3%	Randolph	33.20%
Barry	21.40%	Howell	18.7%	Ray	25.50%
Barton	36.60%	Iron	20.5%	Reynolds	16.40%
Bates	33.80%	Jackson	27.8%	Ripley	15.50%
Benton	13.20%	Jasper	30.8%	Saline	34.70%
Bollinger	20.50%	Jefferson	10.3%	Schuyler	45.50%
Boone	10.50%	Johnson	15.8%	Scotland	48.30%
Buchanan	43.10%	Knox	45.6%	Scott	21.60%
Butler	17.10%	Laclede	16.9%	Shannon	20.30%
Caldwell	35.10%	Lafayette	30.5%	Shelby	43.90%
Callaway	15.20%	Lawrence	29.5%	St. Charles	4.70%
Camden	4.10%	Lewis	35.7%	St. Clair	28.80%
Cape Girardeau	20.00%	Lincoln	14.8%	St. Francois	22.20%
Carroll	43.30%	Linn	43.4%	St. Louis City	64.60%
Carter	14.20%	Livingston	35.0%	St. Louis County	18.40%
Cass	11.60%	Macon	37.3%	Ste. Genevieve	19.10%
Cedar	22.10%	Madison	23.9%	Stoddard	19.00%
Chariton	38.70%	Maries	24.8%	Stone	8.60%
Christian	8.90%	Marion	40.9%	Sullivan	45.40%
Clark	34.40%	McDonald	22.4%	Taney	6.50%
Clay	11.90%	Mercer	37.2%	Texas	20.50%
Clinton	28.70%	Miller	16.3%	Vernon	31.70%
Cole	18.80%	Mississippi	26.8%	Warren	11.60%
Cooper	36.50%	Moniteau	29.6%	Washington	13.80%
Crawford	19.60%	Monroe	31.8%	Wayne	16.20%
Dade	37.60%	Montgomery	30.2%	Webster	19.50%
Dallas	19.60%	Morgan	11.6%	Worth	56.90%
Daviess	34.70%	New Madrid	19.1%	Wright	26.90%
DeKalb	30.90%	Newton	21.90%	**Statewide**	**23.60%**
Dent	22.10%	Nodaway	36.10%		
Douglas	22.90%	Oregon	26.5%		
Dunklin	21.80%	Osage	27.40%		
Franklin	18.70%	Ozark	16.30%		
Gasconade	30.70%	Pemiscot	22.20%		
Gentry	46.50%	Perry	26.40%		
Greene	18.00%	Pettis	30.90%		
Grundy	42.00%	Phelps	16.80%		
Harrison	46.00%	Pike	30.10%		

Housing Risks

The national average of pre-1950 housing decreased from 27 percent in 1990 to 22 percent in 2000. Missouri is above the national average with 23.6 percent of housing units being built before 1950. The chart to the left lists the percentage of pre-1950 housing by county according to 2000 census data.

Comparison of Large Metro Areas

Outstate Missouri 19.6%

St. Louis City 64.4%

St. Louis County......................18.4%

Kansas City 36.0%

Blood Lead Screening (Calendar Year 2006)
Blood Lead Levels in µg/dl (micrograms per deciliter)

COUNTY	<10	10-14.9	15-19.9	20-24.9	25-44.9	45-69.9	>69.9	Total	2000 Census Population	% of Pop Tested	Number Elevated >10 g/dl	% Elevated >10 g/dl
Adair	447	3	1	0	0	0	0	451	**1,592**	28.33%	4	0.89%
Andrew	202	1	1	1	0	0	0	205	**1,292**	15.87%	3	1.46%
Atchison	112	3	3	0	0	0	0	118	**367**	32.15%	6	5.08%
Audrain	358	4	4	0	1	0	0	367	**2,018**	18.19%	9	2.45%
Barry	398	3	3	0	0	0	0	404	**2,745**	14.72%	6	1.49%
Barton	231	4	0	0	0	0	0	235	**1,147**	20.49%	4	1.70%
Bates	475	6	1	0	0	0	0	482	**1,260**	38.25%	7	1.45%
Benton	216	4	0	0	0	0	0	220	**973**	22.61%	4	1.82%
Bollinger	221	1	0	0	0	0	0	222	**888**	25.00%	1	0.45%
Boone	2048	5	2	0	1	0	0	2056	**10,158**	20.24%	8	0.39%
Buchanan	851	27	3	5	4	0	0	890	**6,488**	13.72%	39	4.38%
Butler	574	2	4	1	0	0	0	581	**3,132**	18.55%	7	1.20%
Caldwell	239	8	2	1	0	0	0	250	**687**	36.39%	11	4.40%
Callaway	489	0	0	0	0	0	0	489	**3,088**	15.84%	0	0.00%
Camden	234	3	0	0	1	0	0	238	**2,083**	11.43%	4	1.68%
Cape Girardeau	628	16	1	1	1	0	0	647	**4,940**	13.10%	19	2.94%
Carroll	211	8	0	0	1	1	0	221	**782**	28.26%	10	4.52%
Carter	125	0	1	0	0	0	0	126	**436**	28.90%	1	0.79%
Cass	842	2	1	0	1	0	0	846	**7,347**	11.51%	4	0.47%
Cedar	154	1	0	0	0	0	0	155	**932**	16.63%	1	0.65%
Chariton	123	2	1	0	1	0	0	127	**517**	24.56%	4	3.15%
Christian	937	4	0	0	0	0	0	941	**4,987**	18.87%	4	0.43%
Clark	113	3	1	0	0	0	0	117	**548**	21.35%	4	3.42%
Clay	580	2	1	0	0	0	0	583	**15,744**	3.70%	3	0.51%
Clinton	298	4	0	0	0	0	0	302	**1,498**	20.16%	4	1.32%
Cole	686	6	2	0	0	0	0	694	**5,529**	12.55%	8	1.15%
Cooper	262	0	0	0	0	0	0	262	**1,179**	22.22%	0	0.00%
Crawford	273	7	0	1	0	0	0	281	**1,810**	15.52%	8	2.85%
Dade	134	0	0	0	0	0	0	134	**547**	24.50%	0	0.00%
Dallas	144	3	0	0	0	0	0	147	**1,274**	11.54%	3	2.04%
Daviess	188	1	1	1	0	0	0	191	**665**	28.72%	3	1.57%
DeKalb	145	3	0	0	1	0	0	149	**714**	20.87%	4	2.68%
Dent	253	6	1	1	1	0	0	262	**1,154**	22.70%	9	3.44%
Douglas	219	2	0	0	0	0	0	221	**945**	23.39%	2	0.90%
Dunklin	334	3	1	0	0	1	0	339	**2,807**	12.08%	5	1.47%
Franklin	847	3	2	0	1	0	0	853	**7,814**	10.92%	6	0.70%

Blood Lead Screening (Calendar Year 2006)
Blood Lead Levels in µg/dl (micrograms per deciliter)

COUNTY	<10	10-14.9	15-19.9	20-24.9	25-44.9	45-69.9	>69.9	Total	2000 Census Population	% of Pop Tested	Number Elevated >10 g/dl	% Elevated >10 g/dl
Gasconade	255	0	1	0	0	0	0	256	**1,067**	23.99%	1	0.39%
Gentry	118	1	0	0	0	0	0	119	**524**	22.71%	1	0.84%
Greene	3244	21	3	2	0	0	0	3270	**17,657**	18.52%	26	0.80%
Grundy	252	2	0	0	0	0	0	254	**779**	32.61%	2	0.79%
Harrison	244	1	1	0	0	0	0	246	**662**	37.16%	2	0.81%
Henry	427	4	1	0	0	0	0	432	**1,554**	27.80%	5	1.16%
Hickory	98	0	0	0	0	0	0	98	**460**	21.30%	0	0.00%
Holt	135	3	1	0	0	0	0	139	**313**	44.41%	4	2.88%
Howard	180	6	1	0	0	0	0	187	**693**	26.98%	7	3.74%
Howell	243	4	2	0	0	0	0	249	**2,993**	8.32%	6	2.41%
Iron	362	17	3	0	0	0	0	382	**760**	50.26%	20	5.24%
Jackson	2661	8	2	2	1	0	0	2674	**26,870**	9.95%	13	0.49%
Jasper	2599	33	4	3	2	2	0	2643	**9,070**	29.14%	44	1.66%
Jefferson	1827	5	3	1	0	0	0	1836	**17,184**	10.68%	9	0.49%
Johnson	398	0	1	0	1	0	0	400	**3,857**	10.37%	2	0.50%
Kansas City	8917	101	22	5	9	2	0	9056	**27,966**	32.38%	139	1.53%
Knox	76	0	0	0	0	0	0	76	**323**	23.53%	0	0.00%
Laclede	507	2	0	0	0	0	0	509	**2,683**	18.97%	2	0.39%
Lafayette	442	4	1	1	0	0	0	448	**2,460**	18.21%	6	1.34%
Lawrence	584	10	2	0	1	1	0	598	**3,034**	19.71%	14	2.34%
Lewis	156	5	0	1	0	0	0	162	**890**	18.20%	6	3.70%
Lincoln	465	1	1	0	1	0	0	468	**3,446**	13.58%	3	0.64%
Linn	350	2	1	1	1	0	0	355	**1,028**	34.53%	5	1.41%
Livingston	289	6	3	0	0	0	0	298	**1,090**	27.34%	9	3.02%
Macon	329	2	0	0	1	0	0	332	**1,205**	27.55%	3	0.90%
Madison	297	6	0	0	0	0	0	303	**835**	36.29%	6	1.98%
Maries	113	0	0	0	0	0	0	113	**710**	15.92%	0	0.00%
Marion	652	19	4	1	9	1	0	686	**2,278**	30.11%	34	4.96%
McDonald	396	1	0	1	0	0	0	398	**2,003**	19.87%	2	0.50%
Mercer	102	0	0	0	0	0	0	102	**248**	41.13%	0	0.00%
Miller	260	3	0	0	1	0	0	264	**1,925**	13.71%	4	1.52%
Mississippi	515	1	0	1	0	0	0	517	**1,153**	44.84%	2	0.39%
Moniteau	304	3	2	1	0	0	0	310	**1,206**	25.70%	6	1.94%
Monroe	179	4	2	0	0	0	0	185	**739**	25.03%	6	3.24%
Montgomery	268	1	1	0	1	0	0	271	**858**	31.59%	3	1.11%
Morgan	178	1	0	0	0	0	0	179	**1,393**	12.85%	1	0.56%
New Madrid	327	3	0	0	0	0	0	330	**1,580**	20.89%	3	0.91%

Blood Lead Screening (Calendar Year 2006)
Blood Lead Levels in µg/dl (micrograms per deciliter)

COUNTY	<10	10-14.9	15-19.9	20-24.9	25-44.9	45-69.9	>69.9	Total	2000 Census Population	% of Pop Tested	Number Elevated >10 g/dl	% Elevated >10 g/dl
Newton	1224	7	2	4	1	0	0	1238	**4,458**	27.77%	14	1.13%
Nodaway	347	1	1	1	0	0	0	350	**1,266**	27.65%	3	0.86%
Oregon	197	1	0	0	0	0	0	198	**732**	27.05%	1	0.51%
Osage	185	0	0	0	0	0	0	185	**1,057**	17.50%	0	0.00%
Ozark	118	0	0	0	0	0	0	118	**619**	19.06%	0	0.00%
Pemiscot	285	5	1	0	1	0	0	292	**1,981**	14.74%	7	2.40%
Perry	371	4	0	0	0	0	0	375	**1,489**	25.18%	4	1.07%
Pettis	578	7	2	1	0	0	0	588	**3,298**	17.83%	10	1.70%
Phelps	605	4	1	2	1	0	0	613	**2,769**	22.14%	8	1.31%
Pike	278	3	2	1	1	0	0	285	**1,190**	23.95%	7	2.46%
Platte	288	1	0	0	0	0	0	289	**6,044**	4.78%	1	0.35%
Polk	319	3	0	1	0	0	0	323	**2,204**	14.66%	4	1.24%
Pulaski	361	1	0	0	0	0	0	362	**3,778**	9.58%	1	0.28%
Putnam	88	1	0	0	0	0	0	89	**382**	23.30%	1	1.12%
Ralls	186	0	0	0	0	0	0	186	**667**	27.89%	0	0.00%
Randolph	367	7	1	2	1	0	0	378	**1,899**	19.91%	11	2.91%
Ray	294	5	2	0	0	0	0	301	**1,875**	16.05%	7	2.33%
Reynolds	153	1	1	0	0	0	0	155	**474**	32.70%	2	1.29%
Ripley	208	3	0	0	1	0	0	212	**980**	21.63%	4	1.89%
Saline	466	5	3	4	3	0	0	481	**1,737**	27.69%	15	3.12%
Schuyler	141	1	0	0	0	0	0	142	**316**	44.94%	1	0.70%
Scotland	91	1	1	0	0	0	0	93	**421**	22.09%	2	2.15%
Scott	919	4	0	0	0	0	0	923	**3,430**	26.91%	4	0.43%
Shannon	77	0	0	0	0	0	0	77	**611**	12.60%	0	0.00%
Shelby	188	2	1	1	0	0	0	192	**480**	40.00%	4	2.08%
St. Charles	1911	3	1	1	0	0	0	1916	**26,072**	7.35%	5	0.26%
St. Clair	172	5	1	1	1	0	0	180	**628**	28.66%	8	4.44%
St. Francois	959	29	12	2	2	0	0	1004	**4,040**	24.85%	45	4.48%
St. Louis (County)	13629	105	43	18	7	2	0	13804	**77,612**	17.79%	175	1.27%
St. Louis (City)	11714	571	188	67	51	2	1	12594	**28,369**	44.39%	880	6.99%
Sainte Genevieve	306	2	2	2	0	0	0	312	**1,314**	23.74%	6	1.92%
Stoddard	526	1	0	0	0	0	0	527	**2,048**	25.73%	1	0.19%
Stone	269	1	0	0	0	0	0	270	**1,866**	14.47%	1	0.37%
Sullivan	248	3	1	0	0	0	0	252	**618**	40.78%	4	1.59%
Taney	379	1	0	0	0	0	0	380	**2,909**	13.06%	1	0.26%

Blood Lead Screening (Calendar Year 2006)
Blood Lead Levels in µg/dl (micrograms per deciliter)

COUNTY	<10	10-14.9	15-19.9	20-24.9	25-44.9	45-69.9	>69.9	Total	2000 Census Population	% of Pop Tested	Number Elevated >10 g/dl	% Elevated >10 g/dl
Texas	150	2	0	0	0	0	0	152	**1,612**	9.43%	2	1.32%
Vernon	302	7	4	0	1	0	0	314	**1,628**	19.29%	12	3.82%
Warren	356	2	0	0	1	0	0	359	**1,929**	18.61%	3	0.84%
Washington	438	19	5	2	0	0	0	464	**1,844**	25.16%	26	5.60%
Wayne	118	0	0	0	0	0	0	118	**850**	13.88%	0	0.00%
Webster	389	0	0	0	0	0	0	389	**2,839**	13.70%	0	0.00%
Worth	46	0	0	0	0	0	0	46	**152**	30.26%	0	0.00%
Wright	297	2	0	0	1	0	0	300	**1,496**	20.05%	3	1.00%
Total	**83883**	**1250**	**374**	**142**	**115**	**12**	**1**	**85777**	**445,566**	**19.25%**	**1894**	**2.21%**

Missouri Lead Testing Areas
April 6, 2007

See Area-Specific Map

Screening Designation

Universal Screening (High Risk)

Targeted Screening (Non-High Risk)

As additional, more accurate data is obtained, Universal Testing areas may change. Re-evaluation areas will be assessed to furher define zip codes that require universal or targeted testing. Updated maps are published each April and are available at:

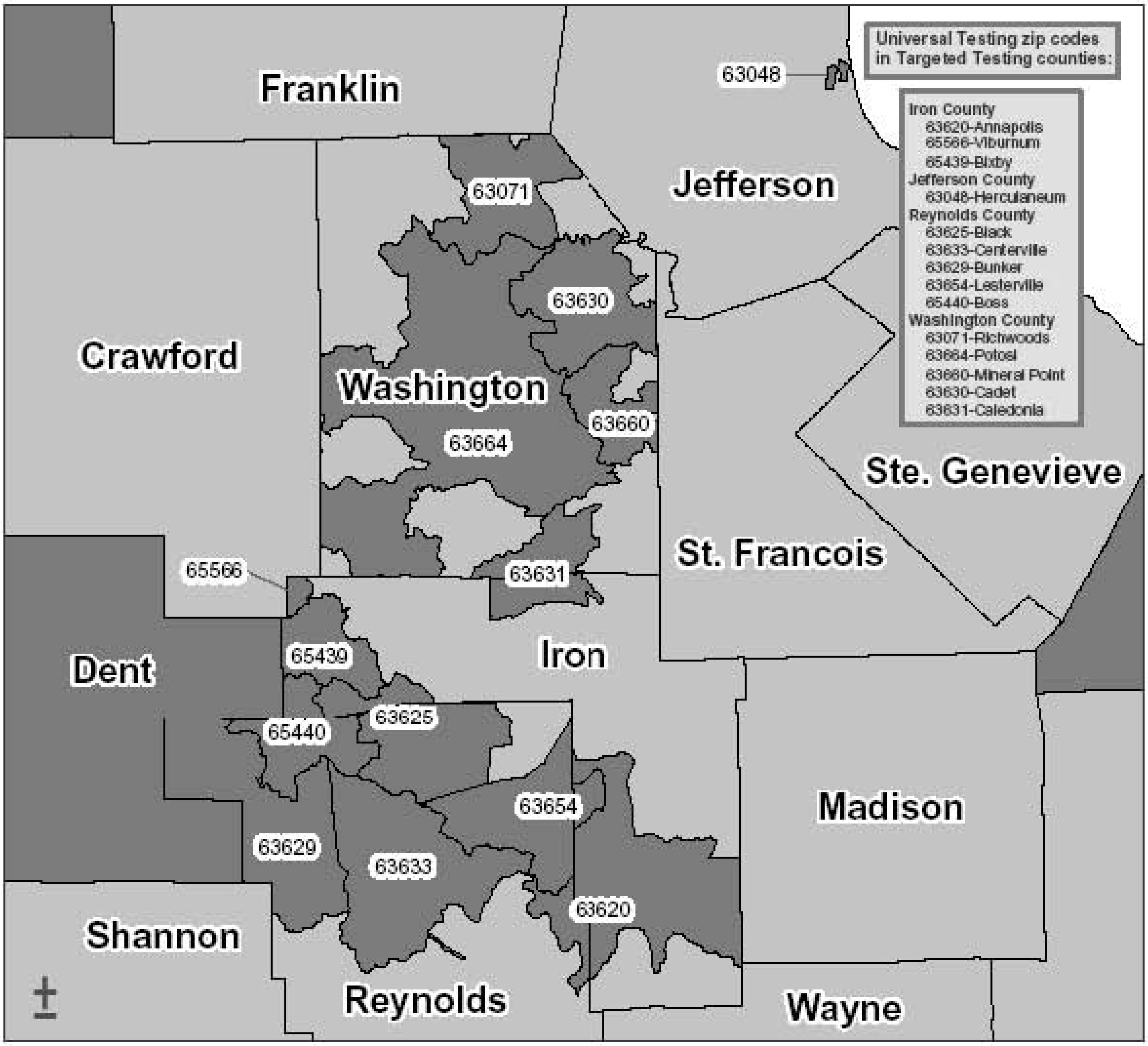
www.dhss.mo.gov/ChildhoodLead/Maps.html

Please note any updates to your service area as it may change your requirements under statute. Please see area specific maps for Jackson County, Kansas City, St. Louis County, and Southeast Missouri for Universal Testing areas by Zip Code.

Universal Testing - Annual testing for children less than 6 years of age.

Targeted Testing - Medicaid children tested at 12 and 24 months. Annual screening questionnaire, testing based upon positive responses.

Southeast Missouri Lead Testing Areas
April 6, 2007



Screening Designation

- Universal Screening (High Risk)
- Targeted Screening (Non-High Risk)

As additional, more accurate data is obtained, Universal Testing areas may change. Re-evaluation areas will be assessed to further define zip codes that require universal or targeted testing. Updated maps are published each April and are available at:

www.dhss.mo.gov/ChildhoodLead/Maps.html

Please note any updates to your service area as it may change your requirements under statute. Please see area specific maps for Jackson County, Kansas City, St. Louis County, and Southeast Missouri for Universal Testing areas by Zip Code.

Universal Testing - Annual testing for children less than 6 years of age.

Targeted Testing - Medicaid children tested at 12 and 24 months. Annual screening questionnaire, testing based upon positive responses.

Monitoring

MONITORING

Each agency involved in the Consolidated Planning process will monitor its own grantees in accordance with established procedures and standards for the particular program. Each is briefly explained below.

EMERGENCY SHELTER GRANT

The Department of Social Services, as the state of Missouri's grantee of emergency shelter funds, will randomly monitor during the fiscal year grants made to city/county governments for compliance to the regulations as outlined in 24 CFR Part 576.

The monitoring will include either on-site or remote review of reimbursement requests from the grantee to ensure:

1) That proper documentation of expenditures is maintained by the grantee.
2) That expenses claimed by the grantee are appropriate.
3) That documentation of in-kind matching is maintained.
4) That ESG expenditures are obligated and spent within regulatory deadlines.
5) That compliance to audit requirements of 24 CFR Part 44 are met.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

The Section performs an on-site monitoring visit at least twice yearly to the fiduciary agent for the HOPWA program. Standard monitoring forms, DH-40 and DH-41, are used to record compliance on major aspects of program performance, including:

1) Employment standards,
2) Record confidentiality and retention,
3) Budget and fiscal record, and
4) Annual fiscal audit.

In addition to routinely reviewing the activities of the fiduciary agent, the Section monitors additional progress toward meeting goals by reviewing client files at local case management sites to assure that HOPWA funds are targeted to those most in need, at adequate levels to purchase appropriate housing, and to assure that recipients are provided sufficient support to identify ways to reach independence.

MISSOURI HOUSING DEVELOPMENT COMMISSION

Rental Housing Production Programs

MHDC's standard construction financing procedures require that a regulatory agreement be recorded along with other loan documents for all rental production developments funded through HOME. This agreement insures that the rental units remain affordable for a specified period of time. MHDC's Asset Management Department examines Tenant Eligibility and Income

Certifications in residents' files on a regular basis. The owner is responsible for delivering or obtaining appropriate management services for the development to insure that the units are suitable for occupancy, meet Section 8 Housing Quality Standards (HQS), and meet local health, safety, and building codes. Furthermore, the owner must comply with all applicable rules, regulations, and policies that govern the HOME program.

MHDC may audit HOME-funded developments each year for compliance with the following:

- Re-certification of tenant income
- Review of rent and utility allowances
- Compliance with HQS annually for developments of more than 26 units, bi-annually for developments containing five to twenty-five units, and every three years for developments with fewer than five units
- Owner's written agreements including the Affirmative Fair Housing Marketing Plan and the Management Plan and Certification
- Submission of annual audited financial statements for all developments receiving HOME funds.

HOME Repair (HeRO) Program

In addition to periodic monitoring of the project, the sub-grantee must also establish and maintain sufficient records to enable HUD and MHDC to determine whether the sub-grantee has followed all requirements. At a minimum, the following records are needed:

- Records concerning designation as a participating jurisdiction
- Program records
- Project records
- Community Housing Development Organization Records (CHDO) records
- Financial accounting records
- Program administration records
- Records in connection with other federal requirements
- Auditing will occur continuously throughout the year through various means. Procedures for setups, payment requests, completion reports and quarterly progress reports include components that enable ongoing periodic monitoring for each project.

Annually, the agency will be audited to ensure the projects comply with IRS and HUD regulations including: *24 CFR Part 92* - Federal HOME Rule, *24 CFR Part 35* - HUD's lead-based paint regulations, and *24 CFR Part 58* —HUD's Environmental Review Procedures:

- An MHDC auditor will annually inspect 15% of these files from each Sub-Grantee.
- Each file must include all items as noted on the In House Check Sheet Form 465.
    - Insurance and tax documentation
    - Proof of ownership documentation
    - Lead Hazard documentation including assessment and clearance reports
    - The signed and recorded LURA
    - Contractor certifications, licenses, and contracts
    - All compliance documentation as required by MHDC

10% of the selected homes will be visited to ensure the Environmental Review Report was accurate.

COMMUNITY DEVELOPMENT BLOCK GRANT

Monitoring checklists of all compliance areas have evolved over the years of administering the Community Development Block Grant by state staff. These checklists are provided to all grantees during the initial training for grant administration to clarify compliance requirements and to inform the grantees of the areas to be monitored.

From the beginning, the grantee has been required to submit to the state field representative for that area all required ordinances/resolutions involving excessive force, anti-lobbying, and fair housing; all financial paperwork setting up the grant; and enough environmental paperwork to be able to allow the release of funds. All federal wage determinations are requested through the CDBG office to assure compliance with labor standards. Start of construction notices must be sent, along with the grantee checking the federal debarred contractors' list, the contractor's certification to do business in Missouri, and documentation of the contractor's approved surety through the state.

The field representative will evaluate the new project in terms of risk or need for oversight or assistance. This evaluation will include the grantee's past performance, the administrator's track record, the complexity of the project, and the amount of CDBG assistance awarded. The field representative will decide, with the consensus of program management, whether the project requires one or two field monitorings. The field monitorings will take place at strategic times in the life of the project. An interim monitoring is set up after the first construction payroll is received by staff on public facilities projects or after first houses are completed on neighborhood development projects. A closeout monitoring is conducted any time after 80% draw-down of funds has occurred.

Technical assistance visits may be scheduled any time necessary, in addition to the required monitoring visit. For economic development grantees, transition meetings are conducted in the field after initial award commitment to introduce the compliance field representative and confirm to all parties involved the intricacies of the grant conditions.

Training is conducted on **internal monitoring**, as well as stressed in the administrative manual of the CDBG program. The four primary components of CDBG monitoring are progress on planned activities, program compliance, fiscal management, and fiscal compliance. It is the responsibility of each CDBG grant recipient to develop a system to assure that the financial and program compliance provisions established by federal and state law and supporting regulations and provisions are met. In addition to complying with all appropriate provisions, recipients must be assured that outside contractors and delegate agencies are likewise in compliance with the various laws and regulations. This will require development of a monitoring system that will allow recipients to:

- Manage their community development program as a whole, and individual projects and activities substantially, as described in the approved CDBG application;
- Maintain program or project progress;
- Determine that costs charged to the project are eligible;
- Ensure that all program activities comply with all applicable laws and regulations and terms of the grant agreement; and
- Minimize the opportunity for fraud, waste, and mismanagement.

CDBG Program Risk Assessment Form

Grantee: ______________________________

Sub-Grantee: ______________________________

Administration Organization (RPC,COG,Private, City) ______________________________

Administration Contact: ______________________________

Project Description:

____

____

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Assessment Measures:

Complexity: Please rank high, medium or low ______________________________

The following criteria should be considered: Survey vs Census; Number of activities; Number of Contracts; Number of funding sources; Grantee/Sub-Grantee relationship; and Multijurisdictional

Experience with Administrator: Please rank agency and individual, Experienced or Inexperienced.

Past Performance: Acceptable or deficient

Administrator: ______________________________

Grantee: ______________________________

Sub-Grantee: ______________________________

Necessity for Technical Assistance: High, Medium, Low ______________________________

Certifications

STATE CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the State certifies that:

Affirmatively Further Fair Housing – The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Acquisition and Relocation – The State will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24.

Anti-Displacement and Relocation Plan – The State has in effect and is following a residential antidisplacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

Drug Free Workplace – The State will or will continue to provide a drug-free workplace by:

5) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition.
6) Establishing an ongoing drug-free awareness program to inform employees about -
   a) The dangers of drug abuse in the workplace;
   b) The grantee's policy of maintaining a drug-free workplace;
   c) Any available drug counseling, rehabilitation, and employee assistance programs; and
   d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
7) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1.
8) Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will -
   a) Abide by the terms of the statement; and
   b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction.
9) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant.

10) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted -

    a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

    b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency.

11) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

Anti-Lobbying – To the best of the State's knowledge and belief:

12) No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

13) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

14) It will require that the language of paragraphs 1 and 2 of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of State – The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with plan – The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

Section 3 – It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

Discharge Policy – Each department of Missouri state government that discharges people from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) has a policy that prevents such discharge if it will immediately result in homelessness for such persons.

________________________________ ______________________

Signature/Authorized Official Date

Director, Missouri Department of Economic Development
Title

SPECIFIC CDBG CERTIFICATIONS

The State certifies that:

Citizen Participation – It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance from the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments – It has or will comply with the following:

15) It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;

16) It engages in or will engage in planning for community development activities;

17) It provides or will provide technical assistance to units of local government in connection with community development programs; and

18) It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

Local Needs Identification – It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

Community Development Plan – Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. (See 24 CFR 570.2 and 24 CFR part 570)

Use of Funds – It has complied with the following criteria:

19) Maximum Feasible Priority. With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available.

20) Overall Benefit. The aggregate use of CDBG funds, including section 108 guaranteed loans, during program year(s) 2008, 2009, and 2010 (a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period.

21) Special Assessments. The state will require units of general local government that receive CDBG funds to certify to the following:

- It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount

against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

- However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.
- It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

Excessive Force – It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

22) A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and

23) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;

Compliance With Anti-discrimination laws – The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Compliance with Laws – It will comply with applicable laws.

______________________________ ____________________

Signature/Authorized Official Date

Director, Missouri Department of Economic Development
Title

SPECIFIC HOME CERTIFICATIONS

The State certifies that:

Eligible Activities and Costs – It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR § 92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

Appropriate Financial Assistance – Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.

____________________________________ _________________________

Signature/Authorized Official Date

Director, Missouri Department of Economic Development
Title

STATE GRANTEE EMERGENCY SHELTER GRANTS PROGRAM CERTIFICATIONS

I Garry Taylor, Director authorized to act on behalf of the State of Missouri, certify that the State will ensure compliance by units of general local government and nonprofit organizations to which it distributes funds under the Emergency Shelter Grants Program with:

24) The requirements of 24 CFR 576.25(b)(2) concerning the submission by nonprofit organizations applying for funding of a certification of approval of the proposed project(s) from the unit of local government in which the proposed project is located.

25) The requirements of 24 CFR 576.53 concerning the continued use of buildings for which Emergency Shelter Grant funds are used for rehabilitation or conversion of buildings for use as emergency shelters for the homeless; or when funds are used solely for operating cost or essential services, concerning the population to be served.

26) The building standards requirement of 24 CFR 576.55.

27) The requirements of 24 CFR 576.56, concerning assurances on services and other assistance to the homeless.

28) The requirements of 24 CFR 576.57, other appropriate provisions of 24 CFR Part 576, and other applicable Federal law concerning nondiscrimination and equal opportunity.

29) The requirements of 24 CFR 576.59(b) concerning the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

30) The requirements of 24 CFR 576.59 concerning minimizing the displacement of persons as a result of a project assisted with these funds.

31) The requirements of 24 CFR 576.56(a) and 576.65(b) that grantees develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the Emergency Shelter Grants Program and that the address or location of any family violence shelter project assisted with ESG funds will not be made public, except with written authorization of the person or persons responsible for the operation of the shelter.

32) The requirement of that recipients involve, to the maximum extent practicable, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under the ESG program, and in providing services for occupants of these facilities as provided by 24 CFR 576.56(b)(2).

33) The requirements of 24 CFR 576.21(a)(4) which provide that the funding of homeless prevention activities for families that have received eviction notices or notices of termination of utility services meet the following standards: (A) that the inability of the family to make the required payments must be the result of a sudden reduction in income; (B) that the assistance must be necessary to avoid eviction of the family or termination of the services to the family; (C) that there must be a reasonable prospect that the family will be able to resume payments within a reasonable period of time; and (D) that the assistance must not supplant funding for preexisting homeless prevention activities from any other source.

34) The new requirement of the McKinney-Vento Act, 42 U.S.C. 11301, to develop and implement, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as

health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons. I further understand that State and local governments are primarily responsible for the care of these individuals, and that ESG funds are not to be used to assist such persons in place of State and local resources.

35) The Drug Free Workplace requirements of 24 CFR Part 24 concerning the Drug Free Workplace Act of 1988.

36) The State will comply with the provisions of, and regulations and procedures applicable under 24 CFR 576.57(e) with respect to the environmental review responsibilities under the National Environmental Policy Act of 1969 and related authorities as specified in 24 CFR Part 58 as applicable to activities of nonprofit organizations funded directly by the State. The State also agrees to assume the Department's responsibility and authority as set forth in 24 CFR 576.57(e) for acting on the environmental certifications and request for the release of funds submitted to the State by local government recipients.

37) The State's requirement to provide matching funds required by 24 CFR 576.51 and 42 U.S.C 11375, including a description of the sources and amounts of such supplemental funds, as provided by the State, units of general local government or nonprofit organizations.

38) HUD's standards for participation in a local Homeless Management Information System (HMIS) and the collection and reporting of client-level information.

I further certify that the submission of a complete and approved Consolidated Plan with its relevant certifications, which is treated as the application for an Emergency Shelter Grant, is authorized under State law, and that the State possesses legal authority to fund the carrying out of grant activities by units of general local government and nonprofit organizations in accordance with applicable laws and regulations of the Department of Housing and Urban Development.

______________________________ ____________________

Signature/Authorized Official Date

Director, Missouri Department of Economic Development
Title

HOPWA CERTIFICATIONS

The State HOPWA grantee certifies that:

Activities – Activities funded under the program will meet urgent needs that are not being met by available public and private sources.

Building – Any building or structure assisted under the program shall be operated for the purpose specified in the plan:

39) For at least 10 years in the case of any building or structure purchased, leased, rehabilitated, renovated, or converted with HOPWA assistance.

40) For at least 3 years in the case of assistance involving non-substantial rehabilitation or repair of a building or structure.

________________________________ ______________________

Signature/Authorized Official Date

Director, Missouri Department of Economic Development
Title

APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

41) Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

42) Drug-Free Workplace Certification

a) By signing and/or submitting this application or grant agreement, the grantee is providing the certification.

b) The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

c) For grantees other than individuals, Alternate I applies. (This is the information to which jurisdictions certify).

d) For grantees who are individuals, Alternate II applies. (Not applicable jurisdictions.)

e) Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

f) Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).

g) If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph e).

h) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

____
____
____
____

Check ___ if there are workplaces on file that are not identified here; the certification with regard to the drug-free workplace required by 24 CFR part 24, subpart F.

i) Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

   "Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C.812) and as further defined by regulation (21 CFR 1308.11 through 1308.15).

   "Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes.

   "Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance.

   "Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

Citizen Participation Process

CITIZEN PARTICIPATION IN FY2010 PROCESS

To involve interest groups and citizens in general in the FY2010 Action Planning process this year, seven public hearings were scheduled to review the draft plan and solicit comments and suggestions about the programs. The mailing list for these meetings includes over 3,000 names and a press release regarding the meetings was issued statewide.

The FY2010 Draft Action Plan was made public on November 1, 2009. Special mailings regarding the availability of the plan were made, and the plan was placed in 68 public places around the state. Public hearings were held at the following times and places:

November 5
1 p.m. – 3 p.m.
City Hall
320 Broadway
Hannibal

November 6
10 a.m. – 12 p.m.
Council Chambers
1100 Frederick Avenue
St. Joseph

November 18
10 a.m. – 12 p.m.
Governor's Office Building, Room 470
200 Madison
Jefferson City

November 19
9 a.m. – 11 a.m.
Osage Center
1625 N. Kingshighway
Cape Girardeau

November 20
9:00 a.m. – 11 a.m.
City Hall – Council Chambers
110 W. Maddox
Branson

Fair Housing

Missouri Housing Development Commission - Fair Housing Activities

MHDC continuously engages in a number of activities for the purpose of furthering fair housing in the State of Missouri.

Working with Developers

MHDC requires that the occupancy of all housing financed or otherwise assisted by MHDC shall be open to all persons regardless of race, sex, national origin, religion or creed; and that contractors and subcontractors engaged in the construction or rehabilitation of such housing shall provide equal opportunity for employment without discrimination as to race, sex, national origin, religion, or creed.

MHDC's mission is to provide quality, safe, affordable housing to low and moderate-income citizens of Missouri. This is accomplished in part through MHDC's Rental Production & Preservation Program that provides financial assistance to developers who build or rehabilitate affordable rental housing. MHDC performs due diligence to assure that all rental housing newly constructed or rehabilitated meets all accessible and handicapped requirements under Section 504 of the Fair Housing Act and the Americans with Disabilities Act. MHDC reviews all architectural plans for compliance. MHDC architectural design guidelines further recommend and discuss the implementation of Universal Design standards for all affordable housing proposals. MHDC also requires all developers to complete HUD Form 935.2 Affirmative Fair Housing Marketing Plan and include a description of the outreach, marketing and advertising methods that will be used to affirmatively market the development.

MHDC's developer's packet for rental housing production requires all recipients of HOME funds to keep records of the extent of participation by minority and women-owned businesses. MHDC's stated policy is that qualified minority and women-owned businesses shall be solicited whenever they are potential sources of materials or services.

MHDC works with developers, general contractors, and subcontractors to educate them on Section 3 regulations, advertises approvals of HOME funding to alert Section 3 businesses and residents of potential employment opportunities, and monitors Section 3 compliance on each HOME-assisted development.

Outreach and Educational Efforts

MHDC also performs ongoing outreach and educational opportunities to the public and specific minority audiences, such as the Missouri Black Legislative Caucus Conference, to disseminate information on the various programs administered by MHDC, including the HOME Program.

Lastly, MHDC has held numerous workshops in conjunction with HUD, Legal Aide of Western Missouri, Legal Services of Eastern Missouri and other civil rights organizations at the annual statewide Governor's Economic Development Conference, specifically to educate developers, property managers and the public on accessibility issues and fair housing enforcement issues. MHDC also makes information on Fair Housing, the Landlord-Tenant Law in Missouri and Housing Discrimination available to the public upon request.

Barriers to Affordable Housing -- 91.310(d)

The Consolidated Plan must describe the state's strategy to remove or ameliorate the negative effects of its policies that serve as barriers to affordable housing, as identified in accordance with section 91.310. The Report of the Commission on Regulatory Barriers to Affordable Housing is included in its entirety at the end of this section. MHDC has identified the following barriers to affordable rental housing and affordable homeownership in Missouri.

- Limited funding for affordable rental housing development
- Limited funding for affordable homeownership programs
- The demolition of older affordable housing stock
- The conversion of affordable housing to market-rate housing
- Housing discrimination against persons of color in rental housing and homeownership
- The valuation of low-income housing tax credits in property tax assessments
- Limited funding of the Missouri Housing Trust Fund

In addition to the preceding barriers identified, some of which are within the state's control, MHDC is providing information on several barriers that are outside the state's control but which are sufficiently important and have negative impact on the availability of affordable homeownership and affordable rental housing in the state.

The Ten-Year Rule in the Mortgage Revenue Bond (MRB) Program

The MRB Program provides low-interest mortgage financing to qualified first-time homebuyers. The Ten-Year Rule requires state housing finance agencies, like MHDC, to use homeowner prepayments to retire Mortgage Revenue Bonds (MRBs) after ten years, rather than recycling these funds to make new mortgages to additional qualified homebuyers. Each year MHDC issues approximately $300 million a year in MRB's which finance approximately 3,000 families purchasing a home in Missouri. About half of the total amount of MRB's comes from this type of recycled MRB's. The Ten-Year Rule unfairly restricts the number of families who can purchase a home using the MRB Program and largely offsets the cap increase on MRB's in 2001 and 2002. Federal legislation to repeal the Ten-Year Rule is pending in the U.S. Congress.

Low Area Median Incomes in Rural Missouri (LIHTC Program)

The Low Income Housing Tax Credit (LIHTC) Program is the primary federal program to encourage the production of affordable rental housing. The LIHTC is a ten-year tax credit to owners and investors in affordable rental housing. Federal statutes originally required that the maximum income and rent guidelines be gauged to 60% of the *area median income*. Unfortunately, in many rural communities in Missouri the area median incomes are so low that the maximum rent allowable is simply not enough to make a tax credit development financially feasible. On July 30, 2008, President Bush signed into law the Housing & Economic Recovery Act of 2008 which allows developments funded with 9% LIHTC and located in rural areas to raise the maximum income and rent to the greater of 60% of area median income *or* 60% of the national non-metropolitan median income. While the increase is welcome, it is such an

incremental increase that it does not adequately increase access to affordable housing to thousands of households who truly need it. Even with the new income limit, many low-income working families are prohibited from living in a tax credit apartment. For instance, a family of four with two persons working full time at minimum wage ($7.25 an hour) cannot qualify to live in a tax credit apartment in rural Missouri. We believe it would be much more effective to increase the LIHTC income limit to the low-income maximum limit set by many HUD affordable housing programs at 80% of area median income to determine the income and rent guidelines in the LIHTC Program and truly serve those rent-burdened residents who live in rural areas and work in the service sector.

It is also important to note that without the state low income housing tax credit affordable housing could not be built in the rural areas of the state.

Barriers to combining HOME funds with LIHTC in rural Missouri

MHDC often uses HOME funds in conjunction with the LIHTC Program for the development of affordable rental housing. Unfortunately, HOME Program rules also make this very difficult, if not impossible, in many rural communities in Missouri.

As stated in the previous paragraph, the LIHTC Program requires that incomes and rents are gauged to 60% of the area median income. However, when rental housing is financed with HOME funds rents must be capped at *50% of the area median or HUD's Fair Market Rent, whichever is lower,* for Low HOME units, or 60% of area median income or Fair Market Rent, whichever is lower, for High HOME units. The recent LIHTC Program increase in the income restriction that allows rural areas to measure against 60% of the national non-metropolitan median income does not apply to HOME-assisted units.

In the rural areas, the Fair Market Rent is almost always lower than either the 50% or 60% rent limit for smaller units and quite often lower in larger units. In 26 rural counties in Missouri, this formula produces rents that are less than $400 a month for a one-bedroom unit, which makes rental housing development financially infeasible.

With median incomes so low, the income restrictions greatly limit the population of households eligible to rent the units, while many more households in dire need of affordable housing are barred from renting because their income exceeds the restriction. In many cases, two wage earners with minimum wage jobs are over-income and therefore ineligible for the affordable housing programs provided through HOME and LIHTC. Legislation is needed to reform the LIHTC and HOME Programs to make rental housing development possible in rural Missouri.

There is a narrow band of potential renters who qualify and who can afford tax-credits/HOME rents.

- Those who can afford the rent are often over income.
- Most qualifying tenants are a single parent (women) with one, two or three children.
- A single parent wage earner with one child cannot earn more than $8.80/hr. or $1,525 a month according to the Low-HOME income restrictions.
- A single parent wage earner with two children cannot earn more than $9.90/hr. or $20,600 a year according to the Low-HOME income restrictions.

- A single elderly person cannot have income which exceeds $1,338/per month pursuant to the Low-HOME restrictions.
- Two people both wage earners, making minimum wage of $7.25/hr. are over income for the HOME/Tax Credit Program.

Someone might suggest that the system (HOME)/Tax Credit/FMRs) is broken, that it does not serve the intended recipient, and it does nothing to support the workforce recipient. In Rural Missouri, FMRs have shut down the program. We cannot build new units in 50 counties in the state of Missouri because of FMRs. It is therefore imperative that existing project based rent assisted housing be preserved in rural areas. This aged affordable housing stock can only be preserved with the use of 9% federal and state low income housing credit.

The Commission's ongoing work to eliminate regulatory barriers to affordable housing:

1. The Commission's membership and involvement with the National Council of State Housing Finance Agencies

2. The Commission's commissioning of a study of the state low income housing tax credit
    - Study is posted at www.mhdc.com
    - The Argument for the State Housing Credit (attached)

3. The Governor's appointment of a Blue Ribbon Panel to make recommendations for reform to MHDC's processes and programs

    - Report is posted at www.mhdc.com

4. The Governor's DREAM Initiative (Housing and Economic Development in designated communities -- downtown rural communities)

    - More information at www.dream.mo.gov

5. Senior Housing Task Force

    - Report is posted at www.mhdc.com

6. Disruptive Resident Task Force

    - Report is posted at www.mhdc.com

7. MHDC annual planning conference

8. MHDC's continuing work with the following agencies: DED, HUD, USDA Rural Development, Fannie Mae, Freddie Mac, Federal Home Loan Bank, Federal Reserve, IRS, federal and state legislators and many housing advocacy groups.

9. Qualified Allocation Plan

    - Posted at www.mhdc.com

The Argument for the State Housing Credit

1. It allows many more affordable units to be built. Typically on a 9% Tax Credit Development 25% to 30% of the total development cost is raised through the sale of the state credit.

2. Without the state tax credit equity most 4% transactions would not be feasible. Without this source of funding all new construction and most of the rehab developments would be infeasible. This alone would translate to over 5,000 units being lost in the past 12 months.

3. Most 9% tax credit developments and almost all 4% tax credit developments would not be feasible and/or affordable.

4. Affordability and project feasibility are difficult without the state tax credit equity. Without the tax credit equity, housing development in rural communities would be severally hampered.

5. Affordability for very low income tenants (those tenants at 50% or less of median income) would be eliminated without the tax credit equity. Development costs exceed the ability of poor people to pay the rents necessary to support debt and operating costs. Our largest tenant base consists of single women with children and seniors living on a fixed income.

6. Without the State Housing Credit the quality of our loan underwriting would suffer. (Rents, occupancy, operating budgets, and reserves would be unrealistically altered to make deals work. <u>Greater risks would be taken</u>.)

7. Without the State Housing Credit the quality of construction would be compromised. The state credit equity allows us to force the developer to build a quality product, one in which we can take pride. For example, we insist on washer and dryer hook-ups, carports for elderly units, brick, hardi-board siding, better construction materials, higher energy rated equipment and many added amenities.

8. The state credit allows us to insist upon service-enriched housing, e.g., community centers, learning centers, after-school tutors, social service directors, educational and social programming, food banks, clothing banks, financial assistance for emergencies, transportation, and in some cases day care.

9. In most cases the state credit assures that we will have full time property managers on-site. The advantages of having a full-time on-site manager are significant to property maintenance, safety, and stability for residents.

10. The state credit contributes economic development and jobs to the community.

11. Affordable housing and especially redevelopment of project-based rental assisted housing <u>reduces</u> homelessness.

12. Affordable housing provides housing for the minimum wage employee that many business and community leaders are asking us to provide.

13. Affordable housing promotes so many social benefits that, if not provided, become serious problems for society and our local and state governments. We need a study to calculate the cost to the state if affordable housing was not available to its citizens. The cost to society would be staggering, and we could never to expect to break the poverty cycle.

14. The state credit helps the affordable housing development industry weather volatility in the federal low-income housing tax credit market and in construction costs.

REPORT FROM
THE COMMISSION ON REGULATORY BARRIERS
TO AFFORDABLE HOUSING

October 31, 1996

Prepared by

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INTRODUCTION

The Affordable Housing Act of 1992 called for states to draft a "Consolidated Plan" for housing and community development activities as a prerequisite for receiving funds through the U.S. Department of Housing and Urban Development. As a component of the Plan, HUD required states to identify barriers to affordable housing and to work towards eliminating those barriers in the future.

In response to this federal legislation and upon urging from the Home Builders Association of Greater St. Louis, the Missouri legislature created the Commission on Regulatory Barriers to Affordable Housing in 1994. Its purpose as defined in Chapter 215.261 is to identify federal, state and local regulatory barriers that increase the cost, or otherwise impede production, of affordable housing. Furthermore, it must recommend means to eliminate these barriers. The Commission must submit a report to the Governor each year detailing its progress.

The Commission is composed of nine members, seven of whom are appointed by the Governor by and with the advice and consent of the Senate. The other two members are the Executive Director of the Missouri Housing Development Commission and the Director of the Department of Economic Development. Following are the individuals who comprise the Commission:

Harry Hite, Residential General Contractor, Belton, MO

Kim Haase, Residential General Contractor, Springfield, MO

Jacqueline Wayman, Citizen at Large, Cameron, MO

Ora Wells, Citizen at Large, Kansas City, MO

Rae Wiss, Residential Land Developer, St. Louis, MO

Craig Watson, Residential Architect, Kansas City, MO

Sid Koltun, Residential Engineer, St. Louis, MO

Richard Grose, Executive Director, MHDC, Kansas City, MO

Joseph Driskill, Director, DED, Jefferson City, MO

Chapter 215.262 grants authority to the Commission to appoint additional ex officio members as it deems necessary. Under such authority, a tenth member was appointed by the Commission members in December 1995 – Carl Schwing, City Manager of Richmond Heights, who represents the Missouri Municipal League.

The Commissioners held their first meeting in Jefferson City on June 26, 1995. Later that year and in early 1996, the Commission held four public hearings to solicit input from anyone interested in affordable housing. Locations included Kansas City, St. Louis, Springfield and Chillicothe. Representatives from the building and economic development industries contributed most of the testimony at the hearings. Among the barriers they cited were disparities in federally-mandated income guidelines; lack of developers for rural areas; impact fees; excessive subdivision requirements; restrictive zoning ordinances; duplication of plan and permit reviews by various governmental agencies; and permitting requirements of the Department of Natural Resources.

The Commission has continued to hold monthly meetings to discuss the barriers that had been identified previously, outline possible solutions for eliminating them, and solicits additional input from other agencies and organizations. Some of the issues were resolved expediently through meetings and consultations with the appropriate parties. For example, Missouri Municipal League representatives and Commission staff successfully negotiated with the Public Service Commission to revise its rule pertaining to the code used to inspect modular housing. The PSC was using building codes from 1987. The rule change will bring the code current to 1996 and will include a streamlined mechanism for updating as the national building codes change.

Finally the Commission sponsored a day-long workshop in September to explore and refine those strategies that appear in this report as recommendations for action. Facilitating the workshop was S. Mark White, urban planner and attorney with Freilich, Leitner & Carlisle in Kansas City. Those invited to participate included Senator Joe Maxwell and Representative Phil Tate, along with representatives from the Home Builders Associations of St. Louis, Kansas City and Missouri; the Missouri Municipal League; the Missouri Manufactured Housing Institute; U.S. Department of Housing and Urban Development; the Missouri Department of Economic Development; and the Missouri Association of Realtors.

In developing the following recommendations, the Commission has attempted to forge a consensus on proposed legislation between the public and private sectors. All of the agencies, organizations and individuals named above have participated in the process. The Commission acknowledges the contributions of those agencies in the development of these recommendations.

RECOMMENDATIONS

In forging a strategy to encourage regulatory reform, several principles should be taken into account. First, the strategy must be **reasonable**. The removal of regulatory reforms should not undermine the fundamental integrity of the local government's land use system. Substandard

subdivisions are not the solution to affordable housing issues. Local governments can protect their character and environment, plan for the capacity of public facilities, and promote the community's quality of life without impairing housing opportunities for low and moderate income persons. The General Assembly may prescribe minimum and maximum standards for development, as well as streamlined approaches such as maximum processing periods, in order to protect local discretion while avoiding unreasonable standards.

Second, the strategy should **protect local discretion**. Local land use controls are historically a local function in Missouri, and local governments will vigorously resist attempts to intrude on local autonomy in the development of land use controls. Accordingly, legislative measures that provide <u>new authority</u> for local governments are more politically acceptable than those that lessen local authority. In addition, the General Assembly can provide general standards while, at the same time, providing for the implementation of those standards at the local level.

Third, the strategy should be **effective** and **enforceable**. Simply providing discretionary authority to local governments provides no incentive for local jurisdictions to accommodate low or moderate income housing. The development community should be given recourse against state agencies and local governments that maintain unreasonable or exclusionary land or moderate income housing projects preclude a large "war chest" to fight local controls in court. At the same time, reform efforts should ensure that developers who take advantage of regulatory reform follow through on their promises to provide affordable housing. Land use reforms should not become an excuse for conventional, single family "sprawl" developments to evade local land use controls.

Fourth, the strategy should provide for **stakeholder involvement**. All segments of the community interested in housing issues, including planners, local builders and manufactured home retailers, Realtors, tenants, homeowners, citizen activists, and environmentalists should be involved in developing the local housing strategy. Working together, these groups can forge a consensus on those regulations that can be modified, as well as those which are of such pressing importance that they should be retained.

Finally, the strategy should ensure that local regulatory reform has a sound **planning basis**. Since its inception, the purpose of zoning was to implement the comprehensive planning policies of the local community. Regulatory reform should ensure that the goals, objectives and policies adopted by a community are integrated with other legitimate goals, objectives and polices adopted by a community are integrated with other legitimate goals of the local comprehensive plan. Only by reconciling he various elements of the comprehensive plan can local housing policies have lasting effect.

Based on the foregoing principles, the Commission's recommendations for immediate action are as follows:

<u>Vested Rights Legislation</u>

Both the public and private sector representatives were in agreement that it is unfair to change the "rules of the game" in the midst of the planning and development approval process. While the public sector representatives favored some time limits, they were resistant to "deemed approved" legislation. As with vested rights legislation in other states, the Commission recommends that the general assembly pass legislation with the following components:

- The legislation should set forth which <u>categories of development approvals</u> will be protected from subsequent changes in zoning or subdivision regulations. For example, preliminary or final subdivision plats, preliminary or final site plans, and building permits could be protected from changes in zoning regulations.

- The legislation should set forth a realistic <u>time limit</u> during which the zoning and subdivision regulations are "frozen." The Commission recommends a period of five years. This provides the developer an adequate period of time to complete development, while ensuring that local communities do not become burdened with "antiquated" subdivisions.

- The local government and the development community should be authorized to enter into <u>development agreements</u> that set forth the developer's obligations to comply with the zoning regulations in effect at the time of approval, to provide infrastructure, to provide affordable housing units, and to allow for the phasing of development.

<u>Manufactured Housing Legislation</u>

At least twenty states, including three Midwestern states surrounding Missouri, have legislation that curtails local discrimination against manufactured housing. It is time for Missouri to recognize this trend, while providing local governments with the direction they need in order to comply with federal law. It is recommended that the State of Missouri adopt anti-discrimination legislation for manufactured housing, which as the following elements:

- Manufactured homes built to the National Manufactured Housing Construction and Safety Standards Code (also known as the "HUD Code") should be permitted in any residential district in which single-family homes are permitted. This would not preclude the developer from placing restrictive covenants on the subdivision.

- Manufactured home subdivisions may be approved and processed in the same manner as residential subdivisions, with local governments retaining the discretion to approve or deny manufactured home subdivisions in the same manner as conventional subdivisions.

- Local governments should be permitted to regulate design and aesthetic standards not covered by the HUD Code, so long as those regulations do not have the effect of banning manufactured homes from the jurisdiction.

<u>Department of Natural Resources Legislation</u>

Homebuilders, developers and engineers consistently reported that permitting processes for sewer extension, water lines, and storm water drainage were burdensome and caused

excessive time delays. The Department expects to incorporate rules changes that allow cities and counties with professional engineers on staff to approve plans for sewer extensions without DNR review. While the Commission applauds the Department's efforts in this regard, it believes that these changes do not go far enough to solve the problem.

The Commission recommends legislation or rule changes that allow cities with professional engineers on staff, at their discretion, to approve all plans for sewer extensions, water lines and storm water drainage without DNR review. Furthermore, it is recommended that smaller cities that do not employ professional engineers be allowed at their discretion to hire outside engineering consultants to approve such plans. The costs associated with such outside consultants may be at the builder's expense.

ISSUES FOR FURTHER CONSIDERATION

The Commission recognizes the existence of other regulatory barriers beyond those addressed above. Strategies to eliminate them need careful and thoughtful consideration. The following courses of action have been identified as possible solutions and will be studied in depth at upcoming Commission meetings:

Agency Streamlining

Members of the development community reported that the need to obtain approvals from fire and sewer districts often significantly delayed the development approval process because of sometimes conflicting regulations. The Commission recognizes that action is necessary to address this serious concern. However, further study and consideration are required before an appropriate solution can be devised. The Commission will address this issue more thoroughly in 1997.

Housing Appeals Board

Many states – such as New Jersey, Connecticut, Massachusetts and Rhode Island – have used housing appeals board and streamlined litigation procedures to overcome regulatory barriers to affordable housing. These procedures, while extremely effective, are very controversial because they involve the use of courts or state agencies to override local zoning. While this can overcome parochial barriers to the construction of affordable housing within a jurisdiction, the Commission acknowledges that the likelihood of obtaining such legislation is slim. Certainly, there is precedent for legislation that curtails local discretion to disapprove certain types of projects. For example, the zoning enabling law for cities, towns and villages limits discrimination against group homes under RSMo, 89.020.

The Commission is not recommending creation of a Housing Appeals Board at this time. It will, however, continue to evaluate whether such a

Action might be appropriate for consideration at a later date.

Impact Fee Legislation

Impact fee legislation presents a real opportunity for consensus between the public and private sectors in the balance between the need to provide new infrastructure in developing areas and the need for affordable housing. Impact fees increasingly are recognized as a useful mechanism to provide needed infrastructure, yet the authority of many jurisdictions in the State of Missouri to adopt impact fees is questionable.

While the Commission favors the adoption of legislation authorizing all Missouri municipalities to levy impact fees, guidelines governing the process need further consideration and study. This issue is a high priority for the Commission. At the next meeting in January, the Commission will begin to formulate specific parameters for this important piece of legislation and will make further recommendations in 1997.

CONCLUSION

The state commission on regulatory barriers to affordable housing was charged by the General Assembly to identify federal, state and local barriers to affordable housing and to recommend means to eliminate such barriers. In developing the above recommendations, the Commission has worked closely with the public agencies involved in regulating development in order to forge a strategy that is realistic, fair, and effective. The Commission does not intend for this report to simply sit on a shelf or to become a mere guideline for enlightened jurisdictions. Instead, the Commission is seeking immediate legislative action in order to ensure that its recommendations become reality.

In developing its recommendations, the Commission acknowledges that local land use controls have been delegated to local governments, and will probably remain under the control of local government for the immediate future. The Commission is not seeking to invade or to repeal the historical providence of local governments over local land use controls. Instead, the Commission is seeking ways to work with local governments to develop affordable housing in a manner that respects local concerns over the quality of life, infrastructure, and the environment. It is hoped that the General Assembly will provide the authority, as well as regulatory incentives, for local governments to accommodate affordable housing for the benefit of all Missourians.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

FY2010 EFFORTS RELATED TO FAIR HOUSING AND IMPEDIMENTS TO FAIR HOUSING CHOICE

In 1997, the State completed an "Analysis of Impediments to Fair Housing Choice" study for the non-entitlement regions of the state. That study included a survey instrument, research materials, and focus groups held with interested parties. The conclusions of that study identified five areas where impediments may occur. Those five areas include:

- A lack of available, affordable housing
- The "income variable" – low income, poor credit history
- Education and the lack of understanding of the Fair Housing law
- Local ordinances and federal regulations that may create barriers to housing construction or that may provide barriers (difficulty) in access to financial assistance
- Discrimination

Since our Consolidated Plan covers the five-year period between 2008 and 2012, we chose the method of addressing one "category" per year from the list above. To implement our plan we separated activities into two classes:

43) Activities that the state would carry out; and

44) Activities that we would require of the CDBG grantees. Prior to 1998, CDBG had asked its grantees to study and draft their own individual Analysis of Impediments to Fair Housing Choice. Many communities complied with this request; however, we determined the necessity to complete a statewide study and re-establish a more logistic approach to the problem. Starting in 1998, we asked communities to provide an activity, in addition to their already required annual Fair Housing furtherance, that would directly relate to the category of impediment chosen for focus that year. The state has and will continue to provide technical assistance material for the grantees to implement the AI related activity.

The process established through the CDBG Program (requiring grantees to address an impediment activity for every year they have an open grant) has accomplished an awareness and understanding of Fair Housing among the current local officials. The efforts taken at the local level among grantees is often creative and commendable. It is not reasonable; however, to assume that the efforts generated in the first 5 years worth of strategy has alleviated the problem.

There is a necessity to perpetuate and sustain the awareness process in the five areas identified for two basic reasons: one is the fact that CDBG grants are not provided to every community in the non-entitlement areas of the state every year and therefore elimination of impediment activities may not have occurred in every community; and two, the officials of the community change with elections and therefore the knowledge base may diminish regarding the subject at large, and the past local efforts to eliminate barriers.

Our past experience and process leads us to plan in a manner that does not discard the previous study and findings, but rather to build on them and improve the efforts made by the communities.

To retrieve additional statistical data and to prove or disprove the evidence of the five major impediments identified, the State initiated a survey in 2003 to 3,462 recent homebuyers. The

mailing list was generated with the assistance of the Missouri Housing Development Commission and the Department of Economic Development Missouri Economic Research and Information Center. The survey included addresses from a cross-section of the state. The survey form was updated from the one used in 1997 and re-worded in areas to eliminate possible bias.

One hundred and six surveys were returned undeliverable for a successful mailing of 3,356 surveys.

The mailing list was coded to indicate what demographic the homeowner belonged to, and was divided as follows: 2,095 male, 1144 female heads of household, 187 minority, and 36 elderly.

The response number was 594 for a 17.69% return ratio. Of those responding, 345 were women (not necessarily female heads of household) and 249 male. The response ratios were 58% female and 42% male, accordingly.

The survey responses were reviewed in a manner to provide any significant findings. The findings were first made as a comparison to the five areas of impediments identified in the first study. Other significant items were noted as well and appear in the following statements:

- On the average, one third of the respondents answered "don't know" in the perception questions. This may indicate either a lack of understanding of Fair Housing issues, the Fair Housing law, or a lack of understanding of the circumstances within their community.
- For every example provided, the majority of persons answered in a manner denying the existence of a barrier when asked what they perceive. This included questions on disabilities, race, families with children, large families, community diversity, segregation, zoning, and housing availability.
- In 3 out of 4 questions, more than 10% of the people expressed personal experience with a barrier to housing.
- Income and credit histories indicate the largest reasons for experiencing a barrier.
- Single females and families with children make up the next largest reason for experiencing a barrier.
- 85% of the persons surveyed did not know where to go to file a fair housing complaint.

The survey still supports the focus on the four categories of discrimination; education; income; and regulations identified by the previous study. The 2002 census supports the fifth category of lack of affordable housing. It also supports data showing homeownership, although strong in Missouri (over 70%), is less among race and ethnic classes.

Strategies for FY2008 – FY2012

Given the results of the survey, the strategy of focusing on one impediment area per year for the next five years will remain. Each CDBG grantee will continue to be required to provide an action for every year that their CDBG grant is open. The state will continue to gain education regarding the impediments issues and work with the Human Rights Commission to provide education and awareness statewide.

The state plans to strengthen the technical assistance pieces provided to each community in every year. The individual annual actions will be listed in both the upcoming action plans as well as itemized in the Performance Evaluation report narratives.

Strategies to Address "Troubled" Public Housing Authorities

Strategy to Address "Troubled" Public Housing Authorities

The State will work individually with each Public Housing Authority (PHA) designated as "troubled" by the U.S. Department of Housing and Urban Development (HUD) that fall within the jurisdiction of this plan. Further the Missouri Housing Development Commission (MHDC) will consult with the Missouri Department of Economic Development and the Missouri Association of Housing Redevelopment Officials to address the needs of any "troubled" PHAs. According to information obtained from HUD, there are no PHAs that are rated "troubled" over all. One PHA (Wellston) had a physical substandard rating. MHDC will contact the Wellston PHA and offer to help it address the specific needs.

Performance Measures

OUTCOME PERFORMANCE MEASUREMENT SYSTEM

INTRODUCTION

Federal legislation and executive requirements hold that federal agencies such as HUD must demonstrate how respective programs fulfill statutory obligations and align with the agency's overall mission and strategic direction. HUD must be able to identify and measure the benefits of its programs and justify how they improve the quality of life in the communities they serve.

In response to this need for identifiable and measurable outcomes, HUD instituted the Outcome Performance Measurement System to measure the impact of their programs. The system has been designed to enable grantees and HUD to inform Congress and the Office of Management and Budget (OMB) about the benefits provided by the programs.

Grantees determine under which of three identified objectives, and subsequent three outcome categories, best reflects the results they are seeking to achieve with the project being funded. Once the grantee has established the program purpose and intended result, they will input data on indicators specific to the activity being funded that will measure the result. There are five common indicators relevant for most activities. In addition, HUD has identified eighteen (18) other optional indicators to be used depending on the funded activity and its intent. The indicators reported will depend on the activity funded and source of funding (CDBG, HOME, ESG or HOPWA).

OBJECTIVES

Suitable Living Environment

In general, this objective relates to activities that are designed to benefit communities or groups of families by addressing issues in their living environment.

Decent Affordable Housing

The activities that typically would be found under this objective are designed to cover the wide range of housing that is possible under HOME, CDBG, HOPWA or ESG. It focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort (that would be captured above under Suitable Living Environment).

Creating Economic Opportunities

This objective applies to the types of activities related to economic development, commercial revitalization or job creation.

OUTCOMES

Availability/Accessibility

This outcome category applies to activities which make services, infrastructure, housing, or shelter available or accessible to low income people. In this category, accessibility

does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low and moderate income people where they live.

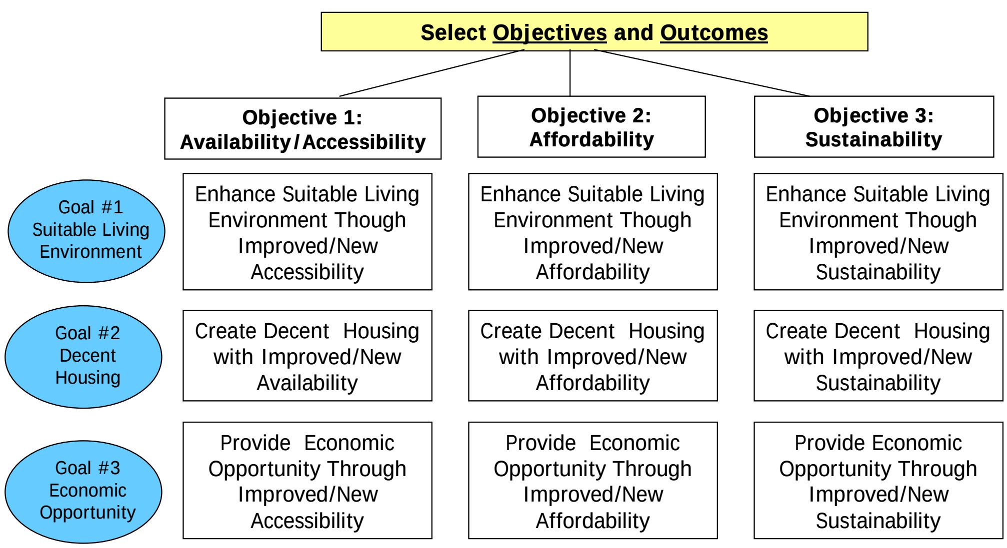
<u>Affordability</u>

This outcome category applies to activities which provide affordability in a variety of ways in the lives of low and moderate income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.

<u>Sustainability: Promoting Livable or Viable Communities</u>

This outcome applies to projects where the activity or activities are aimed at improving a neighborhood by helping to make it livable or viable for principally low and moderate income people through multiple activities, or by providing services that sustain communities or sections of communities.

Outcomes



COMMON INDICATORS:

- Amount of money leveraged from other Federal, state, local and private sources, per activity
- Number of persons, households, businesses, units or beds assisted, as appropriate
- Income levels of persons or households by: 30 percent, 50 percent, 60 percent or 80 percent of area median income.
- Race, ethnicity, and disability data for activities that currently report these data elements.

SPECIFIC INDICATORS:

- Number of persons assisted by public facility or infrastructure activities that provide new or improved access
- Number of persons assisted with new or improved access to service
- A range of outcomes in a targeted area , including jobs created or retained, businesses assisted, low- and moderate- income persons and households served, slum/blight demolition, number of acres of brownfields remediated, etc.
- Number of commercial or façade treatments undertaken and number of business buildings rehabilitated
- Number of acres of brownfields that were remediated
- Number of affordable rental units constructed
- Number of affordable rental units rehabilitated
- Number of homeownership units constructed or acquired with rehabilitation
- Number of owner-occupied units rehabilitated
- Number of homebuyers receiving direct financial assistance, housing counseling, and/or downpayment assistance/closing costs
- Number of households receiving tenant-based rental assistance (TBRA)
- Number of homeless persons given overnight shelter
- Number of beds created in an overnight shelter or other emergency housing
- Number of households that received emergency assistance to prevent homelessness
- Number and types of jobs created that have employer-sponsored health care benefits
- Number and types of jobs retained that have employer-sponsored health care benefits
- Number of businesses assisted
- Whether assisted businesses provides goods or services to meet the needs of the service area, neighborhood or community